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Reagan Shifts Marines Back to Ships; Lebanese Army Collapsing in Beirut

Mitterrand Wants French Unit Replaced

Compiled by Our Staff From Dispatches
WASHINGTON — President Reagan said Tuesday that the U.S. Marines will be moved away from the Beirut International Airport and relocated on ships offshore.
The statement was issued hours after Marine helicopters evacuated nonessential U.S. Embassy personnel and their dependents from Beirut in what the State Department called a "prudent response" to fighting in the embattled city.
Earlier Tuesday, George P. Shultz, the U.S. secretary of state, indicated that the duties of the multinational peacekeeping force in Lebanon may be changed.
President Francois Mitterrand of France said his nation's contingent in the force would be replaced as soon as a United Nations force was available to do so.
President Reagan, who was traveling Tuesday to a vacation at his California ranch, reiterated the "firm and unwavering" U.S. commitment to the Lebanese government of President Amin Gemayel. He called on Syria to stop supporting "terroristic activities."
The chief White House spokesman, Larry M. Speakes, said Mr. Reagan was conferring with the leaders of Britain, France and Italy, the other nations in the multinational peacekeeping force in Lebanon, through cables and diplomats.
The administration's reassessment was complicated by the fact that Mr. Shultz was on a tour of Latin America and the Caribbean.
Comments from U.S. officials indicated a debate was under way over whether to use U.S. firepower to support Mr. Gemayel.
The State Department was known to be cautious against more direct U.S. military involvement for fear of further alienating the groups that may emerge triumphant against Mr. Gemayel.
Mr. Shultz, on a flight from Brazil to Grenada, said the United States had been in constant consultation with the other nations providing troops for the peacekeeping force "about what the situation is and what our mission should be."
Asked if the multinational force can play a useful role in the increasingly chaotic situation in Lebanon, Mr. Shultz replied, "Whether there is a way to construct our forces that will address more directly the nature of the problems is being discussed, and we're working on it."
Mr. Mitterrand, speaking in The Hague, said France would withdraw its 2,000-member contingent from Lebanon when it could be replaced by a UN force.
"The French contingent is not in (Continued on Page 2, Col. 3)



A Shiite militiaman carrying rifles handed over to the militia by Lebanese Army soldiers on Tuesday. Many government troops surrendered their weapons rather than fight in Beirut.

Militiamen Take Control In West Sector

Compiled by Our Staff From Dispatches
BEIRUT — The authority of the Lebanese Army collapsed throughout most of the capital Tuesday, with Moslem militiamen unchallenged as they took government buildings, including the state television and radio.
There was no immediate reaction from the presidential palace to the fighting or reported defections from the army, which were put by the Druze leader, Walid Jumblatt, at two brigades, but Beirut radio said President Amin Gemayel conferred with the U.S. special envoy, Donald H. Rumsfeld.
Mr. Rumsfeld was reportedly going to Damascus for talks with the Syrians, the main backers of the anti-government militia.
Leaders of the Shiite Moslem militia and their Druze allies continued to press for the resignation of Mr. Gemayel, a Christian whose U.S.-backed government was close to collapse Tuesday, 16 months after he took power.
Thousands of Moslem soldiers heeded the call of anti-government militia leaders and laid down their arms, drastically weakening the army and making any immediate counterattack highly unlikely. Before the defections of the last few days, the army was understood to have about 37,000 men.
There were only isolated incidents of shooting in the city by late afternoon, and militiamen and government soldiers could be seen mingling on the streets in seeming amity. The militia were clearly in control.
There were these other developments:
• The U.S. Embassy evacuated nonessential staff members and dependents from Beirut, airlifting them to U.S. Navy ships off the coast.
• The U.S. battleship New Jersey fired its 5-inch guns at a militia position south of Beirut's airport shortly after noon in response to a rocket and mortar attack on the U.S. Marine base at the airport. One marine was wounded.
• The United States moved to strengthen its naval force off the Lebanese coast, ordering the carrier Independence and the destroyer Claude V. Ricketts to cut short their visit to Istanbul and to join other U.S. fleet ships.
The defections from the army apparently did not mean outright desertions. The Moslem soldiers simply stopped fighting and it is doubtful that the army is now strong enough for the government to order a sweep through West Beirut in an effort to clear out the militia gunmen.
The hard fighting that engulfed Moslem West Beirut Monday subsided with a cease-fire, and the leader of the Shiite militia, Amal, called on his men to exercise restraint with their new power.
U.S. Marine helicopters airlifted 41 American diplomats and dependents from the seafloor British Embassy offices at nightfall Tuesday. Many of the diplomats had been trapped inside the embassy because of the outbreak of street fighting Monday. The embassy has housed the U.S. Mission since the U.S. Embassy was bombed by terrorists.
U.S. Ambassador Reginald Bartholomew spent most of the day in talks at the presidential palace in suburban Baabda.
The wife of the British ambassador was rescued from the embassy residence Tuesday night after being trapped there for more than 24 hours by the fighting. Imelda Miers had been separated since just after noon Monday from Ambassador David Miers, who was at the heavily fortified embassy a mile away when fighting erupted.
The Shiite leader, Nabih Berri, Mr. Jumblatt and the Lebanese Army command all issued statements calling for a cease-fire as of 2:15 P.M. Mr. Berri instructed his (Continued on Page 2, Col. 3)

2 U.S. Astronauts Make History With Untethered Flight in Space

By Thomas O'Toole
Washington Post Service
HOUSTON — Two American astronauts flew on their own through space Tuesday wearing jet-powered backpacks. They were the first men to leave a spacecraft in orbit without lifelines to hold them.
The astronauts, Captain Bruce McCandless 2d and Lieutenant Colonel Robert L. Stewart, took turns soaring more than 300 feet (90 meters) from the space shuttle Challenger while the craft's other astronauts, Vance D. Brand, Robert L. Gibson and Dr. Ronald E. McNair, watched them through the windows of the cabin.
Together, Captain McCandless and Colonel Stewart spent more than two and a half hours moving through space with apparent ease. As planned, Captain McCandless was first to lift off, rising from the floor of the shuttle's cargo bay like a man on an invisible elevator. He lifted his arms, then exclaimed: "That may have been one small step for Neil, but it was a heck of a big step for me."
The remark was a reference to Neil Armstrong's first words after he stepped onto the moon in 1969: "One small step for man, one giant leap for mankind." The remark also referred to Captain McCandless's 18-year wait as an astronaut to be the first man ever to fly untethered through space.
All four major U.S. television networks broadcast Captain McCandless's history-making flight live, and it turned out to be a spellbinding show. From the time he moved up and away from the cargo bay with two bright locator lights blinking on his backpack, the television coverage was a glimpse of high technology at its best.
"Hey, this is great!" Captain McCandless exclaimed, pulling away from the Challenger at about 2 mph (3.2 kilometers per hour). "We sure have a nice flying machine here."
"You've got a lot of envious people watching you," Jerry Ross, another astronaut, told him from Mission Control in Houston. "Looks like you're having a lot of fun."
"It's really beautiful out here," said Captain McCandless, 46, as he floated through black space in his white suit with the deep blue curve of the Earth to his left. "It feels real good out here, not at all like the freeway."
Captain McCandless made two trips, moving out 150 feet from Challenger the first time and 310 feet the second. His total time on the backpack was about 90 minutes. Colonel Stewart made one trip out of the shuttle.
When Captain McCandless returned to Challenger after his second free-flying venture, he seemed reluctant to come back into the cargo bay and take off the backpack.
"Hey, you want the windows washed or anything while I'm up here?" he asked Mr. Brand as he hovered over the cargo bay.
"No," Mr. Brand replied, "but we want you to get back in here before sunset."
The success of Tuesday's space walk came as a welcome relief to flight directors at the Johnson Space Center here after two communications satellites had been lost following their launching from the shuttle, through no fault of the crew, and after a balloon they attempted to track through space to practice rendezvous techniques exploded in orbit.
News of the second lost satellite — the Palapa-B communications satellite owned by Indonesia — was withheld from the crew all day Monday but reached them Tuesday morning.
The space walk appeared to bode well for an attempt by the next shuttle crew to retrieve and repair a burned-out satellite called the Solar Maximum Observatory in a flight aboard Challenger in April.
■ Insurance Costs to Rise
The cost of satellite insurance will rise sharply following the loss of the two communications satellites launched by the Challenger, but it is too soon to fix the size of the increase, The New York Times reported Tuesday, quoting a space insurance expert at Lloyd's of London.
"We need to know exactly what happened to the satellites and what owners and manufacturers are going to do about it," said Stephen Merritt, an underwriter who is among the leaders in writing space insurance at London's three-century-old insurance exchange.
Each of the satellites was insured for \$100 million.

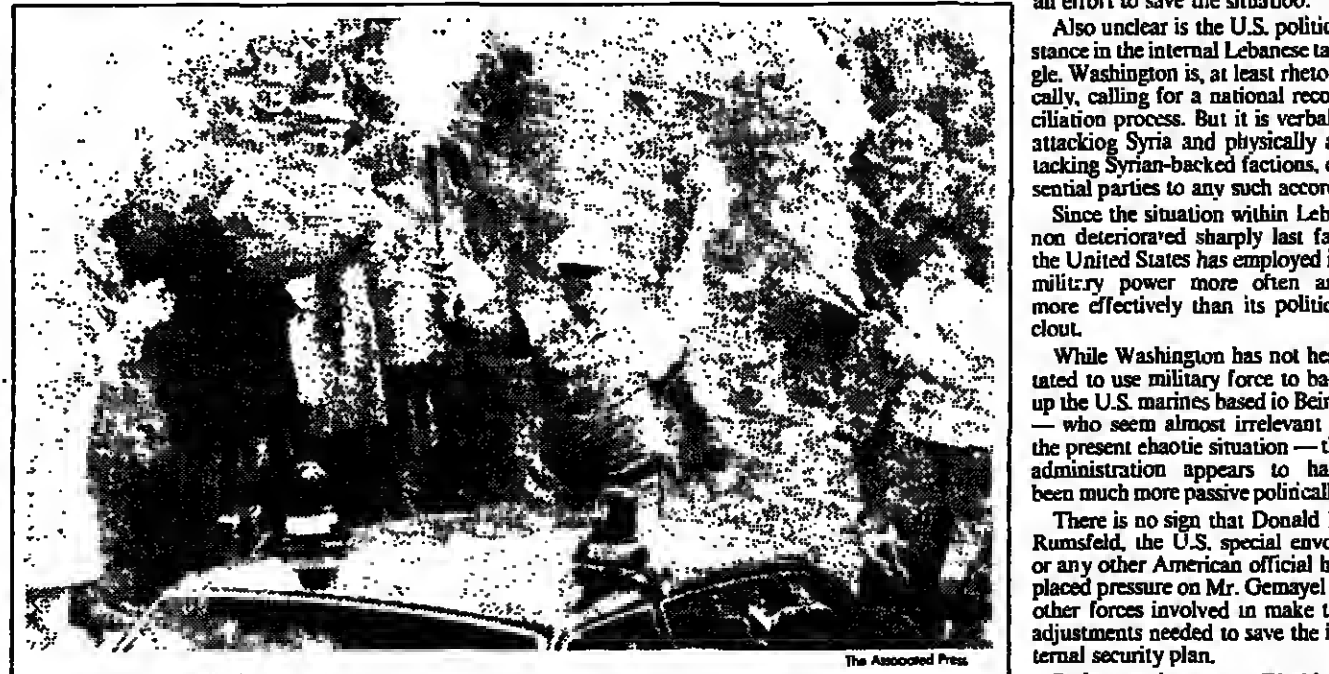
Exiled Iranian General Shot to Death in Paris

By John Vinocur
New York Times Service
PARIS — General Gholam Ali Oveis, a major figure in Shah Mohammed Reza Pahlavi's attempts to put down the Iranian revolution, was shot to death here Tuesday along with his brother by gunmen police described as professional assassins.
The two men were each struck in the head by gunfire as they walked at about 2 P.M. in Rue de Passy, a busy street in the 16th arrondissement.
The general was marshal law administrator in Tehran as the anti-shah rebellion took hold in 1978. He became known as "the butcher of Tehran" for his responsibility in two incidents in which the authorities fired on crowds, killing what was believed to be thousands of protesters.
No one claimed responsibility for the shooting Tuesday, but spokesmen for several Iranian exile groups opposing the regime of Ayatollah Ruhollah Khomeini denounced the Tehran government, which they said was ordering the assassinations to intimidate opposition organizations.
Abolhasan Bani-Sadr, the first president of the Islamic republic, who now lives in exile in Paris, said: "He was the butcher of Tehran, of course, but I believe he was killed by the others. You can't defend a man who spent his time killing our people, but terrorism cannot be defended either."
Speaking in the name of the front for the Liberation of Iran, which brings together a number of monarchist groups, Samad Hazi, said, "This was a show of force and an example of the heightened terrorist climate."
A statement issued by the office of the late Shah's son, Reza II, asserted that "the so-called Islamic Republic, pushed into its final corner, has struck again," and he called the Tehran government a threat to all free countries.
Mr. Hafezi linked the celebration in Tehran last weekend by the Islamic government of the fifth anniversary of its coming to power to the shooting of the general and his brother. "He had a high profile in terms of the regime's view of itself," Mr. Hafezi said.
After going into exile in France in 1979, General Oveis, 65, headed an organization called the Iran Resistance Movement. Mr. Hafezi said. This was dissolved and the general declared support for the front for the Liberation of Iran.
President Francois Mitterrand of France, during a visit to The Hague, said that "France's respect for the laws of hospitality carries dangers with it. All the Iranian refugees come, want to come or have come to France. It's a kind of fatality. We have every layer of Iranian political ecology."
First reports indicated that as many as four gunmen were involved in the attack and that they used a city bus, the subway and an automobile to flee. Later, police said two or three men were involved and that one or two of them had fired 9 mm pistols at the victims.
The general was accompanied by his brother, Gholam Hosein, a former army officer in his sixties, and Rahmat Madjlessi, the general's chauffeur and bodyguard.
The shooting was part of a series of attacks involving Iranian exiles in Paris that began in 1979.

As Hopes Fade, U.S. Policy in Doubt

American Support Seems Unlikely to Save Gemayel

By Don Oberdorfer
Washington Post Service
WASHINGTON — Optimistic assessments just a month ago on the chances for an internal security agreement and a start on political reforms in Lebanon, leading to an eventual withdrawal of U.S. Marines, have turned to ashes in the past few days in a way that threatens American policy there.
It is an axiom among veteran watchers of the Middle East that reality there is rarely as rosy as depicted in optimistic periods or as desperate as it seems when pessimism is at its darkest.
Granted that caution, there seems little doubt that the deteriorating Lebanese situation has left the path of the explicable and headed into the unknown.
To a greater extent than before, the political authority and military power of President Amin Gemayel are in doubt. His cabinet has resigned, his capital has erupted in gunfire and the status of his military forces is uncertain.
For the first time, the prospects of Mr. Gemayel's political survival are being questioned. If he does manage to survive, it is not clear on what terms he will do so or with what backing.
U.S. military power from ships offshore and planes can influence matters, but only marginally. If the United States were to withdraw its support of Mr. Gemayel, he would be finished — as would the U.S. policy that has centered on him for 16 months. At the same time, however, new U.S. shelling and bombing is not likely to solve Mr. Gemayel's problems.
The most important force in brokering arrangements to end Lebanese strife, including the 1975-76 civil war and fighting in the Chuf mountains last fall, has been Saudi Arabia. Now even Saudi Arabia has withdrawn its mediators, exasperated with all sides: Rafiq Hariri, a Saudi special emissary, and Abdul Aziz Tuwayjri, a deputy National Guard chief, were brought home in the middle of last week in an action that may have helped to bring the situation to a head.
The Saudi Arabians were the behind-the-scenes brokers of the internal security agreement that all sides seemed to have accepted in the first week of January. The Reagan administration has blamed Syria and the Lebanese Druze leader, Walid Jumblatt, for the breakdown of the security plan and the reconciliation process that was to follow. But Saudi Arabia assigns at least as much blame to Mr. Gemayel and his Phalangist backers.
What Saudi Arabia is planning is unknown. It may take a distant position in hopes of inducing the various factions to compromise in an effort to save the situation.
Also unclear is the U.S. political stance in the internal Lebanese tangle. Washington is, at least rhetorically, calling for a national reconciliation process. But it is verbally attacking Syria and physically attacking Syrian-backed factions, essential parties to any such accord.
Since the situation within Lebanon deteriorated sharply last fall, the United States has employed its military power more often and more effectively than its political clout.
While Washington has not hesitated to use military force to back up the U.S. Marines based in Beirut — who seem almost irrelevant to the present chaotic situation — the administration appears to have been much more passive politically.
There is no sign that Donald H. Rumsfeld, the U.S. special envoy, or any other American official has placed pressure on Mr. Gemayel or other forces involved in making the adjustments needed to save the internal security plan.
Perhaps as important, Washington continues to seem unwilling to agree to major amendments to the May 17 pact between Lebanon and Israel, which was negotiated in its final stage by Secretary of State George P. Shultz.
The Shiite Syria has been demanding changes in or abrogation of this agreement as the price for its cooperation. Such changes also may be necessary for reaching broad political agreement among the local parties in Lebanon.
In an apparent hint that he may be willing to deal with the May 17 pact, Mr. Gemayel made it clear Sunday that "everything is negotiable" in a new round of consultations. The State Department endorsed that statement Monday, but officials there said this did not mean the United States was backing away from the agreement.
The crisis facing Mr. Gemayel is probably the most serious underlying problem the Reagan administration has had to confront in Lebanon since it undertook a major commitment following the 1982 Israeli invasion.



Olympic Flame Nears End of Journey
The Olympic flame arrived in Sarajevo on Tuesday after a 10-day journey from Olympia, Greece. On Wednesday, the torch will be carried to the Zetra sports complex for the opening ceremonies of the Winter Games. Ice hockey play began Tuesday. Coverage on Pages 6 and 7.

West Germany's Social Democrats Support Cut in Workweek

By Henry Tanner
International Herald Tribune
BONN — After months of hesitation, the opposition Social Democratic Party has committed itself to support of a union demand for a reduction of the workweek from 40 to 35 hours.
Willy Brandt, the party chairman, launched what he calls an "information drive" Sunday before several hundred party workers, who are to spread the message throughout the country.
He called the shorter workweek the only effective way to cut the number of unemployed, which reached record 2.5 million in January, and said that history could show that a 40-hour week will be just as untenable a few years from now as the 48-hour week as some time ago.
He criticized employers' organizations for their categorical rejection of the shorter week and attacked the government of Chancellor Helmut Kohl for backing re-employers.
For the first time since they lost power in late 1982, the Social Democrats thus are making the economy the focal point of their attack on the government. It is regarded as a major political event here.
The unions' demand for shorter hours may become the most important and divisive political issue in the country since the debate and mass demonstrations last year over the stationing of U.S. Pershing-2 missiles.
The issue touches on the lives of virtually the entire population — wage earners, the unemployed and hundreds of thousands of small entrepreneurs, who argue that their very existence is threatened by the shorter workweek — as well as the big industrial concerns and the powerful unions.
The dispute is becoming more intense as the deadline nears for the conclusion of new labor contracts in almost all sectors of industry. There have been threats of mass strikes and retaliatory lockouts in April or May.
The metalworkers' union, IG Metall, the largest and most powerful union in the country, has let it be known that it has assembled a large "war chest" in case of a strike. IG Metall has been the driving force behind the demand for a 35-hour week.
The dispute has taken on some of the elements of a class struggle.
Last Friday more than a thousand members of the Federal Association of Young Industrialists marched in a demonstration in Düsseldorf carrying banners with slogans borrowed from IG Metall and adapted to their own purpose.
Their banners read "The 35-hour week creates jobs — abroad," underlining the association's contention that the shorter workweek will increase labor costs and make it impossible for West German industry to compete with the United States, Japan and others. The IG Metall banners read: "The 35-hour week creates jobs."
The two versions reflect the gist of the opposing arguments. The employers say that the shorter workweek will lead to mass bankruptcies and will destroy the chances for economic recovery. Finance Minister Gerhard Stoltenberg and Economics Minister Otto Lambrecht have called the union demand "ruinous" for the country.
The unions retort that the government's economic policy works to the disadvantage of the poorest and the unemployed and that the short workweek is essential to combat unemployment — the position now endorsed by the Social Democrats.
But not all unions are taking the same stand. While IG Metall, taking the hardest line, insists on a 35-hour workweek without loss of pay, other unions have hinted that they would be willing to forgo scheduled wage increases in exchange for a gradual reduction of working hours over several years.
Social Democratic Party leaders also are understood to feel that the cut of the workweek from 40 to 35 hours will have to be spread out over several years (Continued on Page 2, Col. 6)

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Soldiers and Militiamen Join Forces in Beirut

Sectarian Loyalties Were Too Great To Keep Lebanese Troops Together

By Paul Eedle
Reuters

BEIRUT — "The army refused to resist the people," a soldier said Tuesday after Muslim gunmen wrested control of the western sector of Beirut from the government in 17 hours of hard fighting.

As he spoke, a car drew up outside the army post he was guarding at Beirut's Arab University and a soldier and a militiaman jumped out after making a joint patrol of the area.

On the front line between Christian East Beirut and the Muslim West, Lebanese Army units on the Christian side were still fighting opposition militias in the West Tuesday morning. But a tour of the city showed that the Muslim militias controlled almost all of West Beirut itself. Army troops there were either offering no resistance or were cooperating openly with the militias.

Militiamen said a few pockets of Lebanese soldiers were holding out, including posts on the coast road near where U.S. Marines are based at Beirut Airport. "The problem will be solved in a day or two," said a gunman wearing a portrait of a Shiite Muslim hero around his neck.

The 37,000-man Lebanese Army had only been rebuilt during the last 18 months after breaking up into Christian and Muslim factions during the 1975-1976 civil war. Many of the new recruits were young Muslims from the same origins as the anti-government militias who opposed the army, accusing it of being controlled by Christians.

Once the Christian president, Amin Gemayel, started using government troops against Muslim militias in full-scale battles last August and September, it always had looked possible that the army would break up again.

The militiamen, who belong to an array of Muslim and leftist groups, had thrown sand barricades across a main boulevard linking West and East Beirut where they say the army has so far made four attempts to invade.

An artillery round smashed into the street. A gunman leaped out from the cover of a building and fired a burst from his automatic rifle through the dust and smoke.

"They tried to advance with M-48 tanks and armored personnel carriers," Isam al-Arab, leader of the leftist "Forces of Nassar" militia, said in an interview near the

front line. He said the army had massed armor at two main crossing points between East and West Beirut. It tried to push into the west three times during the battles Monday and Tuesday but all the attacks failed, he said.

There was no sign that the army had advanced any significant distance into the western sector.

Gangs of gunmen, some wearing woolen masks, roamed the streets near the front line. Residents hurried out to line up for bread or to flee the battle zone. Two women with suitcases staggered across one main road in the line of fire between the two sides.

As other inhabitants milled around the streets, a husband and wife took a reporter into the burned-out wreckage of their apartment on the second floor of a five-story building. Its front wall had been knocked out by a shell.

"You see," said the man, "this is our army. We pay taxes for it and look what they do to us."

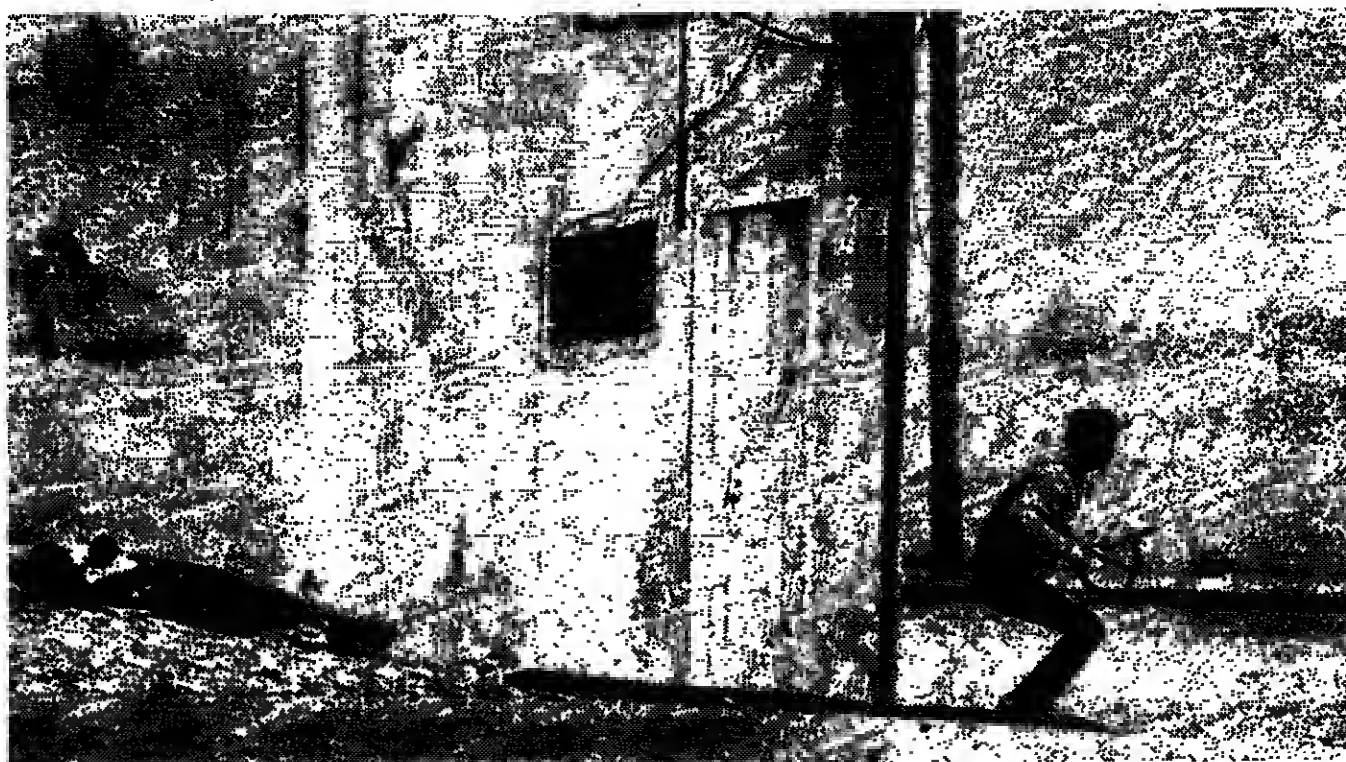
Militiamen in cars and pickup trucks raced toward the old commercial center of Beirut, a key section of the front line. Despite the violence of recent months, builders had been restoring the elegant arcaded buildings there. But now it looked as if they would become militia strongholds again.

One group of gunmen was spraying green and brown camouflage on a yellow pickup truck. Another truck sped past with two youths manning a heavy machine gun on the back.

Nearby at a 30-story unfinished office block, a poster of a Shiite leader, Imam Musa Sadr, flapped from sandbagged positions where the army had clearly sided with the gunmen. An army personnel carrier stood at the foot of the block being guarded by a gunman. Other personnel carriers crammed with militiamen rumbled through the streets.

A man identifying himself only as Walid, a 27-year-old local commander of the Sunni Muslim leftist Murabitun militia, said all positions in West Beirut were in the hands of Shiite, Sunni and Druze militias. He said army officers had held meetings in their barracks and coaxed militia headquarters to say they would not fight on but would "stay in their positions to defend the Muslim people."

Asked what the militia would do now that they had seized West Beirut, Walid said: "We are going to fight for one Lebanon, not dominated by Syria or anyone else."



An anti-government fighter fired at Lebanese Army troops to cover other rebels in an attempt to retrieve the body of a dead comrade. The action took place in Beirut Tuesday as the Muslim militias gained control of most of West Beirut.

House Resolution on Marine Pullout Postponed

By Margaret Shapiro
and T.R. Reid
Washington Post Service

WASHINGTON — House Democrats, uncertain about what may happen next in Lebanon, have put off consideration of a resolution calling for the withdrawal of U.S. Marines from Beirut.

Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, said Monday the Democrats' resolution, calling for a "prompt and orderly" withdrawal from Lebanon, would not come to the House floor until after the 10-day recess that begins Friday.

And the House Foreign Affairs Committee, citing the "fluid" situation in Lebanon, agreed to delay action on the resolution. Instead, the committee scheduled a closed-door briefing with Undersecretary of State Lawrence S. Eagleburger.

"We don't want to add to the danger the Marines are already in," said the committee chairman, Dante R. Fascell, Democrat of Florida, after the Democrats met on the issue. Committee Democrats also said they were leery of pushing a resolution that might be used against them by the administration should the Lebanese government collapse.

"If the thing unravels in the next few days, then the president may pin the blame on the committee for the whole thing and the chaos that results," said Representative Stephen J. Solari, a New York Democrat. "I would be very reluctant to see a situation in which, through no fault of our own, the government of Lebanon collapses... and the president blames the Democrats in Congress instead of the Syrians and their allies."

The ranking committee Republican, Representative William S. Broomfield of Michigan, also said Monday that "this is no time for Congress to consider a resolution that might be misconstrued." He said the Republican committee members had postponed coming up with their own resolution to counter the Democratic language.

"There are an awful lot of [senators] worried about this, including a lot of Republicans," said Senator Pete V. Domenici, a New Mexico Republican. "They're supporting the president now, but I have to say at the same time that there is a tremendous concern about this in the Senate."

Mr. Glenn said he had decided not to allow Mrs. Karp, who remains an assistant attorney general, to be interviewed by reporters.

In an effort to balance the picture, the ministry also issued a list of 54 unsolved cases of violence by Arabs in which 23 Jews were killed and 227 wounded in the past six years.

Democratic presidential candidate to call for the removal of American troops from Lebanon. The New York Times reported from Concord, New Hampshire.

"The time has come to remove our American Marines from Lebanon, and immediately," Mr. Glenn said at a press conference in Concord. "There is no effective or viable government in the country, and a state of civil war exists."

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In an effort to balance the picture, the ministry also issued a list of 54 unsolved cases of violence by Arabs in which 23 Jews were killed and 227 wounded in the past six years.

Israeli Report Shows Leniency on Settler Violence

By David K. Shipler
New York Times Service

JERUSALEM — The Justice Ministry made public Tuesday an internal report documenting a pattern of official leniency toward Jewish settlers suspected of committing murder and other violent crimes against Arabs on the occupied West Bank.

Of 70 crimes that were studied, the report found that 33 were not investigated fully and that police did not display "the proper effort and diligence" in several cases in which Arabs were killed.

The report, kept secret since it was written by Assistant Attorney General Judith Karp in May 1982, was released reluctantly in response to public and political pressure at a time of rising concern over suspected Jewish terrorism.

It often under instructions from the military government, had dropped investigations of Jewish settlers, failed to execute arrest warrants and released suspects from custody. It described settlers as brazenly refusing to cooperate with police and the district attorney and concluded that the situation marked "the beginning of a dangerous process whose end cannot be foretold."

The document was the first official acknowledgment that Jewish settlers had been deliberately spared investigation and prosecution for crimes against Arabs.

Based on a yearlong study by a committee that represented the army, the police, the Jerusalem district attorney's office and the Justice Ministry, the report concluded that "something should be done with no delay" by the political echelon "to find an urgent solution to this situation."

The committee was established by the Attorney General's Office after appeals by law professors. Last April, after a year of inaction by the government, Mrs. Karp resigned as chairman.

To date, no steps have been taken except a cabinet statement two days ago, issued to prepare the public for the issuance of the report, that no resident of the West Bank and the Gaza Strip is exempt from the law and that police deployment in the occupied territories will be strengthened.

The Justice Ministry spokesman, Yitzhak Feinberg, declined to say whether the situation had improved.

In making the report public, the Justice Ministry was responding to months of demands by the Law Committee and the Interior Committee of the Knesset, the Israeli parliament.

Mr. Feinberg said he had decided not to allow Mrs. Karp, who remains an assistant attorney general, to be interviewed by reporters.

In an effort to balance the picture, the ministry also issued a list of 54 unsolved cases of violence by Arabs in which 23 Jews were killed and 227 wounded in the past six years.

Ariel Sharon, a vigorous advocate of Jewish settlement, was defense minister during most of the period covered by the report, approximately one year ending in the spring of 1982, when the worst violence occurred on the West Bank since the Israeli occupation began after the 1967 war.

Stone-throwing Arab youths rioted against Israeli soldiers and border policeman, who opened fire on crowds. Settlers whose cars were stoned also used army-issue weapons against rioters.

Lebanese Army Collapses in Beirut Fighting

(Continued from Page 1)

fighters to protect foreign residents and to "avoid harassing foreign ambassadors or the multinational force" of U.S. Marines and French, Italian and British troops.

But as the cease-fire orders went out, the commander of Lebanon's largest Christian militia called for a virtual general mobilization in East Beirut and all other Christian-controlled areas.

"The enemies... want a decisive battle in the war waged to eliminate free and sovereign Lebanon from the world map," said Fadi Frem, commander of the "Lebanese

Forces" militia of the Phalange Party, which is led by the president's father, Pierre Gemayel.

"We shall not sit waiting in shelters for weeks or months until the enemies erode our steadfastness. We shall rush to meet them on the battlefield," Mr. Frem said in a statement broadcast by Phalangist radio stations.

In West Beirut, army sentries and militiamen stood guard at the entrances to main government buildings, including the prime minister's offices, the central bank and radio and television stations.

In Baalbek, eastern Lebanon, the opposition National Salvation Front, led by Mr. Jumblatt, called for all guerrillas there to go to the Beirut battlefront, the Druze-operated Voice of the Mountain radio reported. Mr. Jumblatt, in an interview with French television from Damascus, ruled out negotiations with Mr. Gemayel and called on him to step down as quickly as possible to spare further civilian casualties.

Muslim militiamen also took over from army units the strategic junction in the coastal town of Khalde, nine miles (14 kilometers) south of Beirut and adjacent to the Marine base, an eyewitness said.

Some ministers in the cabinet of Mr. Gemayel were in hiding, trapped in West Beirut while the militiamen took up posts and sped through streets in cars and trucks. At least 100 persons were killed and 300 wounded in Monday's flareup, bringing the casualty toll to 275 dead and 785 wounded since major fighting erupted Thursday, officials said.

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Some ministers in the cabinet of Mr. Gemayel were in hiding, trapped in West Beirut while the militiamen took up posts and sped through streets in cars and trucks. At least 100 persons were killed and 300 wounded in Monday's flareup, bringing the casualty toll to 275 dead and 785 wounded since major fighting erupted Thursday, officials said.

One Italian soldier was killed in Tuesday's clashes.

U.S. Shifts Peace Force

(Continued from Page 1)

Lebanon to remain there indefinitely," Mr. Mitterrand added. He said France's role was "not to prevent a civil war" in Lebanon.

In Rome, Foreign Minister Giulio Andreotti called Tuesday for a meeting of the partners in the multinational force. Italy recently reduced its force to 1,400 men from about 2,100.

In Britain, which has 100 men stationed in Lebanon, Prime Minister Margaret Thatcher called a series of emergency cabinet meetings. Mrs. Thatcher also met with Defense Secretary Michael Heseltine, Foreign Secretary Sir Geoffrey Howe and Richard Luce, a Foreign Office minister.

The United States moved to bolster its naval forces near Lebanon, ordering the carrier Independence and the destroyer Claude V. Ricketts to cut short visits to Istanbul and sail for the Lebanese coast.

Mr. Shamir, who has been under pressure to complete his army's withdrawal from southern Lebanon, several days ago ruled out any military aid to Mr. Gemayel.

Soviet Envoy Assails Reagan Reduction In Workweek

(Continued from Page 1)

delegates. "I regret that our opening session was marred in this demeaning manner."

While the gathering has an almost open-ended agenda of measures for curbing the arms race, both nuclear and conventional, efforts are expected to be centered at this session on a pact to outlaw the development, production and stockpiling of chemical weapons.

The conference includes the five nuclear powers — the United States, the Soviet Union, Britain, France and China.

West Said to Plot War
Igor Y. Andropov, the son of the Soviet leader, Yuri V. Andropov, accused the West Tuesday of making deliberate plans for war, a charge immediately denied by the United States, United Press International reported from Stockholm.

With the North Atlantic Treaty Organization undertaking a missile buildup aiming at nuclear first-strike capacity, Igor Andropov said, "it is all the more essential and important to avert the real threat of a war which is being deliberately planned."

The statement by Mr. Andropov, a senior member of the Soviet delegation at the 35-nation conference on reducing the risk of war in Europe, drew a prompt reply from the chief U.S. delegate, James Goodby.

"Allegations that countries in this conference are making preparations to launch a nuclear war are out of place, erroneous, they inflame the political climate here and they discredit this conference in which so many have placed so much hope," he said.

RAF Jet Hit by Lightning

The Associated Press

JEVIER, West Germany — Two Royal Air Force pilots parachuted to safety after lightning apparently hit their Tornado fighter-bomber and sent the burning jet crashing into a German forest, authorities said Tuesday. The accident occurred Monday evening in northern West Germany. The plane was based at Laarbruch.

Correction

Monday's Eurobond column incorrectly stated that the mortgage-backed securities of the Federal National Mortgage Association backing the \$100-million issue for Alaska Housing Finance Corp. are backed by the full faith and credit of the United States. Fanny Mae is a public corporation chartered by the United States. The government, however, bears no legal obligation to finance or assist its operations.

WORLD BRIEFS

Soviet SS-20 Site Near Completion

TOKYO (UPI) — Foreign Minister Shintaro Abe said Tuesday that Moscow soon would complete another SS-20 launching site in the Soviet Far East, bringing the number of the medium-range nuclear missiles targeted on Asian nations to 144.

Mr. Abe's report to the cabinet came a day after he blamed Moscow for growing tension between Japan and the Soviet Union. In a major foreign policy message Monday to the Diet, Mr. Abe cited a "recent buildup of Soviet military in the Far East" as a major factor in the tension. Foreign Ministry officials said Mr. Abe did not say when the additional medium-range missiles would be deployed.

Japanese and U.S. officials said in November that nine new SS-20s were being installed at each of three new bases in the Soviet Far East. Intelligence reports had indicated that the Russians had already deployed 117 SS-20s in the Far East. The new SS-20s would bring the total number to 144.

Briton's Trial Ordered in Memo Leak

LONDON (AP) — Sarah Caroline Tisdall, a junior Foreign Office clerk, was ordered Tuesday to stand trial on a charge of giving the press a secret memorandum sent to Prime Minister Margaret Thatcher on the deployment of U.S. cruise missiles in Britain.

Miss Tisdall, 23, was charged with breaking the 1911 Official Secrets Act by leaking the memo to the London newspaper The Guardian. The memo, written by Defense Secretary Michael Heseltine, contained the date for the arrival of the missiles in Britain, where they were to face an angry reception from campaigners against nuclear weapons.

The Guardian published the contents of the document Oct. 31. The paper fought an unsuccessful legal battle against an order to surrender the document to authorities to enable identification of the person who leaked it.

3 Hurt in Protest, French Farmers Say

PARIS (Reuters) — Three French farmers were injured Tuesday at the Charnel port of Cherbourg when farmers protesting British meat imports clashed with police, a spokesman for a farmers' group said. The French group was protesting European Community subsidies that have allowed some foreign farmers to sell their meat at low prices.

Police used tear gas to disperse about 400 farmers when some tried to inspect the contents of 23 trucks arriving from the English port of Poole. None of the trucks contained meat. One farmer was injured seriously in scuffles with police, the farmers' spokesman said.

A two-day blockade of several Channel ports was due to be lifted Tuesday night. But four trucks carrying meat from Ireland were still being held late Tuesday at Le Havre by French farmers, a spokeswoman for the Irish Embassy said. [French farmers are following a centuries-old tradition, in resorting to force to make their political demands known. Insights, Page 8.]

China Hosts Talks on Korean Peace

BEIJING (UPI) — North Korea's foreign minister, Kim Yong Nam, arrived here Tuesday for talks expected to center on North Korea's recent bid for peace talks with the United States and South Korea.

As the same time, Prime Minister Bob Hawke of Australia began a state visit to China after a stop in Seoul, where he reportedly was asked to convey South Korea's peace plan to Beijing. China has been working to involve the United States in talks to stabilize the heavily militarized Korean peninsula.

China is believed to view the talks as an opportunity to advance Pyongyang's Jan. 11 proposal for tripartite talks aimed at pacifying the Korean peninsula. The initial response from Washington and Seoul has been skeptical because of North Korea's involvement in the October terrorist bombing in Rangoon that killed 17 South Korean officials.

47,500 Troops Deployed in Punjab

NEW DELHI (UPI) — Indian authorities deployed 47,500 troops across Punjab Tuesday against possible violence during a strike by Sikhs demanding autonomy for the northwestern state.

The government of Prime Minister Indira Gandhi also ordered all bus and train services canceled and educational institutions closed Wednesday, the day of the strike, throughout Punjab.

The militant Sikh party, the Akali Dal, ordered its supporters to stage a one-day, statewide bus and office strike to dramatize their demand for autonomy for Punjab, which borders Pakistan and has rich agricultural and industrial potential.

French Spy Is Jailed for 10 Years

PARIS (AP) — Waldimar Zolotarevko, 53, the naturalized French son of Russian émigré parents and a former NATO employee, was sentenced Tuesday to 10 years in jail for supplying information to Soviet agents for nearly 20 years.

Mr. Zolotarevko was recruited in 1963 after working as a photocopyist from 1959 in the Advisory Group for Aerospace Research and Development, a North Atlantic Treaty Organization body with headquarters in Paris. He first came under suspicion from French counterespionage agents in 1979.

In a two-day trial here, he said he had been serving "the homeland, Russia." Mr. Zolotarevko said he did not understand English and took documents haphazardly.

13 Die as Storm Hits Western Europe

FRANKFURT (AP) — A storm dumped snow and rain across Western Europe early Tuesday and caused record flooding. At least 13 persons were reported killed, including eight crew members of a Panamanian freighter that sank in the English Channel.

Authorities in West Germany, Belgium and the Netherlands expected melting snow to raise water levels elevated by the rain. In the West German state of Hesse, where the cities of Marburg and Biedenkopf were declared disaster areas, a spokesman said the Marburg area was "one big lake."

Snowfalls of up to two feet (61 centimeters) were reported in the northern Alps, where winds reached 105 miles (170 kilometers) an hour. The French weather bureau issued a major avalanche warning for the area.

Soviet Said to Attack Afghan Villages

NEW DELHI (Reuters) — Soviet troops, backed by helicopter gunships and tanks, have attacked villages in Afghanistan's Shomali Valley for the second time this winter, killing a large number of civilians, two Western administration sources here Tuesday. One diplomat said the toll was several hundred but could not give a precise figure.

According to both diplomats, the village of Istail, a rebel stronghold 30 miles (48 kilometers) north of Kabul, was the worst hit. Soviet soldiers surrounded the village before dawn last Thursday and captured and killed a number of guerrillas and their families, they said.

One informant said the Soviet soldiers bayoneted many women and children, shot young Afghan males and burned a number of homes before withdrawing. Tanks, armored personnel carriers and helicopter gunships then reportedly showered shells, rockets and bombs on the village. Local rebels regrouped and attacked the Soviet troops, inflicting at least 50 casualties, one report said. The fighting continued into the next day, and an Afghan exile here said the Istail marketplace was destroyed.

U.S. House Backs Bill on Salvador Aid

WASHINGTON (AP) — The House Tuesday approved legislation tying continued aid to El Salvador to improvements in that nation's human rights policies and an end to rightist death squads.

The legislation, approved by a voice vote, would require that the Reagan administration certify every six months that the government in El Salvador, backed by the United States, was making a "concerted and significant effort" to guarantee human rights to its citizens and was reigning in its military forces to end "indiscriminate torture and murder of civilians."

The bill would also make military aid from the United States conditional on progress over land reform in El Salvador, on negotiations with leftist guerrillas and on evidence that the government was "actively investigating the deaths of Americans in the country. The bill now goes to the Republican-led Senate.

For the Record

Japan will continue negotiations to regain possession of four Kuril islands occupied by the Soviet Union since 1945, Prime Minister Yasuhiro Nakasone said Tuesday. (Reuters)

President Hosni Mubarak arrived in Morocco Tuesday. This was his first official visit by an Egyptian head of state to an Arab nation since the signing of the Camp David accords between Egypt and Israel in 1979. (AP)

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Mitterrand Makes Plea For EC Unity, Initiatives

Compiled by Our Staff From Dispatches

THE HAGUE — President François Mitterrand of France issued a ringing appeal for European unity Tuesday in a speech setting out his blueprint for saving the 10-nation community from collapse.

In a plea for European Community initiatives, Mr. Mitterrand called for West European states to begin cooperating on a defensive early-warning station in space.

"If Europe were capable of launching into space a manned station that would permit it to observe, transmit and thus counter any eventual threat, it would take a great step toward its own defense," he said.

Mr. Mitterrand also indicated support for the deployment of NATO's new medium-range missiles in Europe.

"If the Soviet Union doesn't decrease its number of SS-20s, we can't object to the United States deploying its Pershing-2 missiles," he said in an appearance before the Dutch parliament.

At a press conference later, however, he refused to say whether he had encouraged the Netherlands to accept new NATO missiles on its territory. The government is to decide by June.

Mr. Mitterrand, who is presiding over EC affairs for the first six months of this year, is on a tour of European capitals in hopes of finding an agreement on budget cuts to save the community from bankruptcy.

Officials said he avoided too much detail in his outline of a comprehensive plan for an EC summit conference in Brussels on March 19 because his consultations were still in progress.

But in his speech Tuesday he called for budgetary reform, in-

creased revenue and a more unified market for EC goods.

He called the Common Agricultural Policy, which guarantees farm prices and which takes up almost two-thirds of the EC budget, a "victim of its own success."

"Nowhere has it been written that production has to grow and grow without knowing what to do with it," he said.

"The financial resources of the community are limited. We will have to manage as well as possible."

For the first time, Mr. Mitterrand gave France's unconditional assent to the entry of Spain and Portugal into the community.

"I want Europe to welcome Spain and Portugal, and give them a reply without delay," he said. But he said he would guard French farmers' interests.

Mr. Mitterrand said the years after the community's formation had been marked by doubt and hesitation, arguments among experts and the tendency of each government to defend its own interests. But he said he believed the community could solve its crisis and then develop new initiatives.

He suggested that it was time to organize a European cultural zone in which joint production would spread.

Mr. Mitterrand declared: "Can we accept, without reacting, the flood of images from outside? This question must be asked when video cassettes, satellites and cable networks are on the point of multiplying the means of communication between men."

In talks with the Dutch prime minister, Ruud Lubbers, Mr. Mitterrand also discussed his idea for a permanent "political secretariat" that would provide continuity in political relations between Western European states. (Reuters, AP)



President François Mitterrand of France, left, with Prime Minister Ruud Lubbers of the Netherlands on Tuesday.

Bohemia: A Conservative Region

Bohemia is a conservative region in the Czech Republic. It is known for its traditional values and strong sense of community. The region has a long history of political and social conservatism, which is reflected in its culture and traditions.

Pressure Grow

Pressure is growing in the region for a more unified approach to the current challenges. The growing pressure is leading to a re-evaluation of the region's policies and a search for more effective solutions.

List of Grievances as Confirmed

A list of grievances has been confirmed by the relevant authorities. The list includes several key issues that need to be addressed in order to move forward.

U.S. House Backs Bill on Salvador Aid

The U.S. House of Representatives has backed a bill regarding aid to El Salvador. The bill aims to ensure that aid is used for humanitarian purposes and to support democratic institutions.

For the Record

A collection of news items and updates from around the world. This section provides a quick overview of current events and important developments.

Correction

A correction to a previous article regarding the mortgage-backed securities of the Federal National Mortgage Association. The article incorrectly stated the backing of the securities.

Bohemia: A Conservative Region

A detailed look at the conservative values and traditions of Bohemia. The region's history and culture are explored, highlighting its unique characteristics.

In Bohemia: More Bourgeois Than Beat

Quiet, Conservative Region of Czechoslovakia Belies Its Image in Literature

By Dan Fisher

Los Angeles Times Service

CESKE BUDEJOVICE, Czechoslovakia — "She was of a wild, roving nature inherited from father and mother who were both bohemians," William Makepeace Thackeray wrote of the character Becky Sharp in his classic 19th-century novel "Vanity Fair."

But here in the conservative heartland of modern-day Bohemia, a visitor can only puzzle at his portrayal.

Maria Sroková, for example, is a bank researcher and about as far removed from Thackeray's image of the bohemian as anyone could be. She was asked to recall the most deliciously excessive incident in her experience.

"I don't think I've ever done anything really extravagant," she replied, then added, with a tinge of hope, "but I still may."

The region known as Bohemia once was a kingdom. Today it makes up about a third — the western third — of Czechoslovakia. The word "bohemian" is often used to describe a nonconformist, often communal and slightly wicked lifestyle, but the Bohemians of Bohemia spend about one-fourth less for alcohol than their countrymen to the east, the Slovaks. In Slovakia, alcoholism is the No. 1 cause of divorce; in Bohemia it ranks third.

Extravagant? Here in southern Bohemia, near the Austrian border, wage earners are paid about 10 percent less than the national average, yet they save 25 percent more. And, unlike most of their countrymen, who spend their savings on cars and seaside vacations, the southern Bohemians build big, solid stucco houses — they average six rooms — for themselves and their children.

Compared with neighboring Poland, where facial hair, often identified with bohemianism, is almost a badge of honor, beards and mustaches are rare here. And in Prague, which was once perhaps the cultural capital of Central Europe, the streets are almost empty by 10 P.M.

"There used to be certain pubs or coffee-houses where groups of writers or other cultural figures met every day," František Nepl, 55, an author who lives in Prague, said the other day. "They had their own tables. They lived and

developed through these discussions. But my generation is more isolated. We don't meet as often."

And when they do get together these days, Mr. Nepl said, the conversation is likely to center on the small country houses to which Prague seems to escape on weekends.

Instead of talking about ideas and work, we talk about what odd jobs we did last Sunday, or how big the apples are," he said.

Actually, Bohemia's image in literature has been a mistake all along, one of those geographic misunderstandings like the one that resulted in native Americans being called Indians because Christopher Columbus stumbled on their continent while looking for a new route to India.

Gypsies, who first migrated to France in the early 15th century, were understandably, though mistakenly, called Bohemians because they had come from the general direction of Bohemia. Gypsies are actually believed to be of Hindu origin, but the error stuck and made the term "bohemian" synonymous with vagabond.

In the 19th century, Parisian artists and writers whom poverty had reduced to an unconventional lifestyle discovered profit in romanticizing their bohemian existence, linking the term to the cultural community for years to come. Henri Murger's popular sketch "Scènes de la Vie de Bohème" ("The Life of the Bohemians") influenced Giacomo Puccini's opera "La Bohème."

These Bohemians were considered by some to be free spirits; others saw them as no-accounts and drunks. Not only do the real Bohemians disavow this image, they disavow the word itself. Residents of what in the West is still sometimes called Bohemia have not used the word in centuries.

Bohemia was the Roman name for this land. It means "Land of the Boii," as the Celtic tribes that settled here were called. The earliest Slavs, among whom were the Cecbove, or Czechs, arrived later, some time before the sixth century. In their language, this was and remains not Bohemia but Čechy — the Czech lands.

To Czechs, this is not southern Bohemia but Jižec, and the real Bohemians, or Czechs, will tell you that their national character was shaped largely by the fact that their lands were a Slavic sliver in a Teutonic world. The Haps-

burgs ruled here for nearly 400 years before World War I. As early as the 17th century, German had replaced Czech as the official language.

Czechoslovakia became a nation of survivors exemplified by Jaroslav Hasek's fictional "Good Soldier Schweik," whose exaggerated deference to authority became an effective form of resistance.

Pavel Hanus, a writer, said that "in critical situations, the Poles are likely to react like medieval knights; the Czechs will try to ease the situation with humor."

A popular joke here describes the reaction of a Czech, a German and an Englishman to a sign warning pedestrians to keep off the lawn. The Englishman ignores it; the German obeys it; and the Czech tries to find a way to walk between the blades of grass.

Today, Bohemia is a mixture of rolling hills and forests of fertile farmland and heavy industry. About 6.3 million of Czechoslovakia's 15 million people live in Bohemia. Nearly 1.2 million of them live in Prague, the national capital.

What industry there is in southern Bohemia was developed after the war. The southern is the largest of five Bohemian districts but it has the smallest population.

"Some people say we're a little dumb and slow," said Stanislav Hazuka, general director of the district savings bank. It is an unfair assessment, he added. But other than the uncharacteristically large number of red propaganda banners and pictures of Lenin, life does seem relaxed.

Least the bohemians of the world despair, however, there are a few reports of moral abandon in Bohemia.

Not long ago the authorities are said to have discovered a thriving sex club in the town of Sobeslav near here. And last month, Czechoslovakia's chief health officer, Dr. Dana Zuskova said in an interview with the weekly newspaper Young World that the incidence of venereal disease in Czechoslovakia is rising dangerously.

In one district, the doctor added, the level has reached epidemic proportions. She did not identify the area, but according to medical sources in Prague, it is southern Bohemia.

Mexican Law On Contracts Targets Union

Measure Is Intended To Stop Corruption

By Richard J. Meislin

New York Times Service

MEXICO CITY — The government, stepping up its "moral renovation" campaign for Mexico, has enacted rules intended to end corrupt practices in letting government contracts.

Most heavily affected would be the Mexican oil workers' union, which stands to lose about \$165 million this year, according to a Mexican official. The union has been accused of corrupt activities. In one case, its leaders were accused by a former colleague of diverting millions of dollars of union funds for their personal use.

The recently enacted rules would end the long-standing practice of subcontracting or selling government contracts to third parties, a common practice in which the seller generally makes a 10 percent profit for doing basically nothing. This cost tends to be passed on to the government.

The rules would affect not only unions in enterprises owned and operated by the government, such as the oil, telephone and electrical companies, but also private companies doing business with the government. A Mexican official estimated that the rule change could save the government \$1 billion this year.

Under the oil workers' contract, for example, the union was allowed to sell to third parties, at a profit, up to 50 percent of the work it received from Petróleos Mexicanos, or Pemex, the national oil company. The company expects to let about \$3.35 billion in contracts this year.

Although the union's labor agreement was essentially breached by executive fiat, the union leaders did not complain. "The secretariat once again has adopted a plan that benefits the higher interests of the country," said Salvador Barragan Camacho, the oil union's secretary-general.

A government official had a different explanation. "They can't say anything," he said. "Their backs are against the wall. We said we wanted to clean up the union gradually, without draconian measures."

The union would continue to receive health and welfare contributions equal to 2 percent of the value of its work.

The administration of President Miguel de la Madrid Hurtado has been anxious to take action to end corruption in the oil workers' union, but has been hesitant to take any drastic measures for fear of causing strikes that could cut oil production, the country's major source of foreign income.

Mr. de la Madrid's promises to clean up Mexico's entrenched corruption have so far been most obvious in criminal charges filed against two major officials — Jorge Diaz Serrano, the former director of Pemex, and Arturo Durazo Moreno, the former Mexico City police chief.

Mr. Diaz Serrano is in jail awaiting trial. Mr. Durazo, who left the country soon after his term ended, is being sought by Interpol.

"This is as gloomy a forecast as one can contemplate," said Representative Bill Frenzel, Republican of Minnesota.

After the hearing, Mr. Feldstein said he had no intention of resigning and took issue with a reporter's suggestion that he had been "muzzled" by the White House when it refused to let him appear on a television interview show Sunday.

He said he still had a "good working relationship" with the president and added that the White House was only attempting to deal with "what was seen as unnecessary dissension" among presidential advisers.

Conable played a major role on the presidential commission that last year produced a plan to shore up the Social Security system. He was also a leader in the move to speed up depreciation allowances for business, which Congress did as part of a tax-reduction package in 1981.

Washington Post Service

SAN SALVADOR — The Costa Rican government has come to the aid of U.S. officials seeking action to the case of the murder of two American land reform advisers by a Salvadoran Army captain.

In an unusual legal proceeding, Costa Rica has petitioned the Salvadoran government to put Captain Eduardo Avila on trial for his alleged role in an August 1982 car bombing in Costa Rica, according to U.S. officials. U.S. authorities suspect that Captain Avila helped to plan the 1981 slaying of the two Americans in San Salvador.

Following pressure from the U.S. vice president, George Bush, Salvadoran authorities arrested Captain Avila on Dec. 19 for a minor military discipline infraction unrelated to the murders. The U.S. government hopes Captain Avila will provide testimony against Lieutenant Rodolfo López Sibrián, whom a U.S. report accuses of having played the major role in organizing the murders of the advisers.

Michael P. Hammer and Mark D. Pearlman were shot to death on Jan. 3, 1981, along with the head of the Salvadoran Institute of Land Reform, José Adolfo Viera. Two National Guard men have confessed to carrying out the killings.

The Costa Rican charge could provide Salvadoran authorities

with new legal grounds for continuing to hold Captain Avila, sources said. The threat of trial on the bombing charge, they said, might also help persuade him to testify against Lieutenant López Sibrián.

Congress has tied part of U.S. aid to El Salvador to progress on court cases involving the advisers' murder and the 1980 slaying of four American churchwomen. Mr. Bush reportedly demanded Captain Avila's arrest during a visit to El Salvador on Dec. 11, and U.S. officials said Secretary of State George P. Shultz also focused on the two cases in meetings with top Salvadoran officials on Tuesday.

Five former members of the National Guard have been charged with killing the churchwomen.

In addition to arresting Captain Avila, the Salvadoran government has sent three or four officers abroad and has promised to investigate civilians accused of death-squad activity who have refused to leave the country.

Thomas R. Pickering, the U.S. ambassador in San Salvador, said the Costa Rican petition for El Salvador to try Captain Avila was decided upon after consultations among U.S., Salvadoran and Costa Rican officials. Other sources said, however, that the proceeding would have to be approved by the Salvadoran Supreme Court, one of whose 13 justices is an uncle of Captain Avila.

Pressure Grows to Cut Reagan Military Budget

By Helen Dewar and Margaret Shapiro

Washington Post Service

WASHINGTON — Republicans as well as Democrats on the Senate Budget Committee have bluntly told Defense Secretary Caspar W. Weinberger that Congress will sharply reduce his request for \$305 billion in spending authority for the next fiscal year.

That figure is a \$47-billion increase, about 13 percent after allowing for inflation. Some senators, including the Budget Committee chairman, Pete V. Domenici, a New Mexico Republican, said Monday that this was likely to be trimmed to about 5 percent.

Mr. Domenici said that "America cannot afford the entire defense increase request the president has made."

Senator Joseph R. Biden Jr., Democrat of Delaware, told Mr. Weinberger, "I can assure you the deficit budget will be cut."

Moves to restrain military spending appeared to be gathering strength in both houses of Congress as deficit estimates continue to rise.

The latest estimate came Monday from Martin S. Feldstein, chairman of the president's Council of Economic Advisers, who said that deficits would exceed \$300 billion by the end of the decade if

Congress did not make a "down payment" reduction this year, followed by stronger action next year.

President Ronald Reagan's budget shows deficits declining from \$180 billion next year to \$12.4 billion by 1989. Mr. Reagan has tacitly conceded the need for further reductions by calling for negotiations, which are scheduled to begin Wednesday.

Mr. Feldstein, under fire from some within the administration for advocating tax increases as well as spending cuts to reduce deficits, defended Mr. Reagan's budget and economic program before the House Budget Committee but did not back off from his contention that more drastic action is needed.

Asked if Mr. Reagan's optimistic predictions of a high-growth, low-inflation economy would hold up under the budget the administration presented last week, Mr. Feldstein responded, "That would not be sufficient."

He was also asked if a recession were likely in 1985. "There's certainly no need for a recession," he responded, but "if we continue to neglect the deficit, we run greater and greater risks."

With \$300-billion deficits by the end of the decade, "we would in fact be using up 75 percent of our personal income and savings," he said, adding, "There would be very little for private investment."

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U.S. List of Grievances With UNESCO Seen as Confirmation of Withdrawal

PARIS — The United States Tuesday listed its grievances with UNESCO to what diplomats saw as confirmation of its determination to quit the organization.

A fact sheet on the planned withdrawal from the UN Educational, Scientific and Cultural Organization issued by the U.S. Embassy in Paris listed alleged mismanagement, politicization, failure to respond to warnings by the United States, confusion over human rights concepts, threats to the freedom of the press and budgetary problems.

Diplomats said the list, with reasons for withdrawal given in order of precedence, meant that the decision by the United States to withdraw was almost certainly irreversible.

Several countries, including France, have urged the United States not to withdraw. A pullout by the United States means UNESCO will lose a quarter of its annual budget.

Washington announced its intention to pull out in December. Under the rules of the organization, it has to give a year's notice.

In what diplomats saw as a direct attack on the organization's director-general, Amadou Mahtar M'bow, the fact sheet said: "Trends in the management, policy and budget of UNESCO have detracted from the organization's effectiveness."

It added: "These developments have tended to lead UNESCO away from the original principles of its constitution, and tended to serve — willingly or unwillingly, or improperly — the political purposes of a few member states."

The document said that voices and viewpoints expressed "have become incredibly partisan and op-

posed to the forces of freedom and particularly the United States."

UNESCO had failed to respond to warnings by the United States, the fact sheet said. "The Reagan administration frequently advised UNESCO of the limits of U.S. tolerance for its misguided policies, its tendentious programs and its extravagant budgetary mismanagement. But UNESCO... did not respond," the document said.

It said UNESCO's moves to introduce a new world information order "would lead to censorship of the world's press."

"I think that is the final nail to the coffin. They are taking M'bow on board-on," said a Western diplomat.

There had been suggestions that the United States might reconsider if Mr. M'bow resigned. But last month an aide to the director-general said he intends to stay in office until completion of his seven-year term in 1987.

Mr. M'bow has expressed regret at the U.S. decision to pull out.

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Costa Rica Assists U.S. On Salvadoran Murders

By Jackson Diehl

Washington Post Service

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Reagan After Johnson

Two decades ago, President Johnson ordered a military escalation in Vietnam but refused to ask Congress to raise taxes or cut spending to pay for it. The eventual result was a \$25-billion deficit — extraordinary in those days — and the start of a virulent inflation that still has not been fully subdued. The Johnson model finds an ominous parallel today.

Having ordered a huge military buildup to counter the Russians, President Reagan refuses to ask Congress for tax increases or spending cuts to pay for it. The results are huge deficits and chaotic wrangling among his lieutenants. Beyond the chaos there are two dangers. The government is left leaderless on this issue. And if government does not know where it is headed, decision makers in industry and the financial markets cannot plan for the future with any confidence. The United States and all its citizens stand to be hurt.

The current chaos began when the president in effect renounced his 1985 budget even before sending it to Congress. He passed on a last-minute proposal to negotiate a "down payment" on deficit reduction. Martin Feldstein, his chief economic adviser, promptly declared that the budget "is not what we want." And Budget Director David Stockman admitted that the government's position was like that of a company about to plunge into bankruptcy. On Monday the Federal Reserve Board echoed their warning. Only Donald Regan, the ever-faithful treasury secretary, has stuck with the president.

All the administration players insist that they agree on "fundamental principles," but they are in fact deeply split about how to deal with 1984 politics. The president, starting his

re-election campaign, says, "Wait till next year to take the painful steps to lower the deficit." Mr. Feldstein, a prestigious economist with a reputation to protect, reflects the professional consensus: The deficit is already damaging the economy, and postponing remedies will make matters worse. Mr. Stockman sees that the basic Reagan strategy has not worked.

In fiscal terms this noisy affair boils down to the urgency of cutting spending — particularly the military buildup — and raising taxes to close the gap. President Reagan has no more taste for it than President Johnson had.

What is the harm of admitting that this is an election year? What are the dangers of not addressing the immense deficits until 1987?

There are dangers for almost everyone. By waiting, government heightens the danger of high interest rates that make it impossible for a family to buy a house, or imprudent for a business to expand its plant. Running deficits in a period of recovery threatens renewed inflation that also hurts all. Delaying remedies risks provoking another recession that will again cost people their jobs, even before the anguish of the last recession is erased.

President Reagan believes above all that the government is too big. He resists tax increases not only because they may damage his re-election campaign but also because without them, he reasons, government will not be able to spend as much. But he is nonetheless committed also to the opposite — spending ever more on the military. No wonder his advisers are at war with each other. The president, in his passion to make the United States stronger, threatens to make it weaker.

—THE NEW YORK TIMES.

The Fed Stays Cautious

The first thing to remember about monetary policy is that it remains one of the more murky subjects. As you listen to the politicians' disputes, you might easily get the impression that it is simple arithmetic and that the only question is whether the Federal Reserve Board wants interest rates to be higher or lower. But there is nothing whatever simple about it.

At one time, before inflation began to soar a dozen years ago, there seemed to be fairly reliable relationships between the total amounts of money in certain kinds of bank accounts — those that people use to carry on their business — and the level of business activity in general. But with inflation, people began to manage their money very differently, and with deregulation of banking, the old definitions rapidly became obsolete.

That is why the Federal Reserve, which is run by sensible people, has been very cautious in its 1984 monetary targets published this week. If the Fed lets those M numbers rise too fast, the threat of inflation looms. But if it restrains them too harshly, it can throw the economy back into recession. No one knows with any precision where the danger points lie. The Federal Reserve says that, for the coming year, it intends to keep following the same track that it laid down last summer.

In the first half of last year, the money

supply — as defined in the number called M-1 — rose rapidly. The monetary conservatives growled and said there would soon be the devil to pay. But the kind of money being counted in M-1 had been changed by the introduction of new interest-bearing checking accounts. The Federal Reserve watched for some months and then, around the middle of the year, decided that it had seen enough to be able to recalibrate the system. It tightened slightly, and interest rates rose about one percentage point. With minor fluctuations, they have remained essentially unchanged since then.

But even though policy does not change, interest rates may move — because the economy itself is moving. As the Federal Reserve points out, economic growth generally does not affect interest rates in the first year of a recovery from a recession. But America is now well into the second year of a recovery, and in the second year the expanding economy typically begins to strain the credit markets.

Beyond all the other uncertainties, no one yet knows how much economic growth will be consistent with both low inflation and a \$200-billion-a-year federal deficit. The American economy is operating in circumstances that are a long way from any previous experience. That is not a bad reason for the Fed to stay cautious.

—THE WASHINGTON POST.

Sermon on the Stump

Who recently spoke these comforting words: "If the Lord is our light, our strength and our salvation, whom shall we fear, of whom shall we be afraid? No matter where we live, we have a promise that can make all the difference — a promise from Jesus to soothe our sorrows, heal our hearts and drive away our fears. He promised there will never be a dark night that does not end. Our weeping may endure for a night, but joy comes in the morning. He promised if our hearts are true, His love will be sure as sunlight. And by dying for us, Jesus showed how far our love should be able to go: all the way."

An eloquent preacher like the Reverend Billy Graham? The Reverend Jerry Falwell? No, Ronald Reagan, the president of a nation whose Bill of Rights enshrines government from establishing religion, aiding one religion, even aiding all religions. He gave that televised sermon not while worshipping in his church but in a Washington hotel, his first campaign stop, to a convention of religious broadcasters.

You do not have to be a secular humanist to take offense at that display of what, in the United States, should be private piety. The devoutest Christians, who warmly respond to those words, have a higher stake in not having them used for partisan gain. That stake is the separation of church from state.

Americans ask piety in presidents, not displays of religious preference. Mr. Reagan ut-

tered not just an ecumenical summons to the spirit. He was pandering to the Christian right that boosted his national political career.

President Reagan went astray in the substance of his remarks as well. He compared the fight against abortion to the struggle against slavery. But the bondage in the modern instance was the law's refusal to let women decide whether or not to bear a child — until the Supreme Court read this basic liberty into the Constitution. And no presidential preachers can turn prayer in the public schools into a "voluntary act." Mr. Reagan asked, in his State of the Union address, why children could not pray in school when Congress hires chaplains to lead a prayer to start each session. The answer, also given by the Supreme Court, is the obvious one that children are required to attend school and are vulnerable to the pressure of peers and teachers.

It is small consolation that Mr. Reagan has given his evangelical supporters more talk than action. He has spent little capital to move the abortion and prayer measures he espouses. His recent streak of religiosity may also have been intended to console Protestants who objected to formal diplomatic ties with the Vatican.

But, as preaching proves, words matter. And it is an offense to Americans of every denomination, or of no denomination, when a president speaks that way.

—THE NEW YORK TIMES.

Helping Beirut to Deal With Damascus

By Philip Geyelin

WASHINGTON — After the resignation of the caretaker government in Beirut and amid signs that the Lebanese army may be splintering along sectarian lines, the only good news is the possibility that some of the Reagan administration's worst illusions may be shattered by the disintegration that seems to be in progress.

This is not to minimize the danger of a final showdown between Christian militias and the various Moslem fighting forces — Druze, Shiite, Sunni. But suppose, along with Vice President George Bush, that one assumes the best: "Let's hope that out of this [cabinet] resignations you'll have a government formed that really more broadly represents the factions involved," Mr. Bush said on Sunday.

Now if that is the Reagan administration's hope, the hope is hard to square with Ronald Reagan's stuck-necked fixation with Syria (and by extension, the Soviet Union) as the intractable root cause of every bad thing that happens in Lebanon. For, more than ever, a way must be found to deal with Syria.

A deal cannot be obtained, George Shultz's way: the secretary of state would get at Syria's "intransigence" by getting Congress to submit quietly to Reagan administration policy. But if that policy looked like a "failure" to House Speaker Tip O'Neill and the Democratic opposition in Congress before things started coming apart in Beirut last weekend, it has to look all the more like a lost cause to him now.

That is not an argument for "prompt" withdrawal of the marines from the multinational peace-keeping force. But it does knock the props out from under just about everything the president has been saying by way of justifying a continuing U.S. military "presence."

Not even Ronald Reagan can fit this week's facts of life in Lebanon with the analysis he offered in an interview with The Wall Street Journal just last week: "Look at the progress that has been made... There is a government of Lebanon and due to our training... we

have an army unit... They are really a first-rate military force."

Still less can Vice President Bush's "hope" be squared with what Mr. Reagan said in the same interview about the Syrians being "bent on territorial conquest." Syrians have talked that way traditionally. But if they mean it, there is hardly any hope that Mr. Gemayel can form the kind of broadly based government that would nicely satisfy all those "factions" supposedly under Syrian control, or that he can reinvigorate the Lebanese army and make peace with the sectarian militias, or create conditions for the restoration of a sovereign Lebanon.

The Reagan administration cannot have it both ways. Either Syria is the implacable source of all evil in Lebanon or it is the string-puller of the Moslem elements that must be dealt with if Vice President Bush's hopes are to be realized.

If the latter is the case, what leverage can America exercise on

Syria? Just before the latest bad turn of events, I put that question to a top administration policymaker.

The answer was short and snappy: "It's called the battleship New Jersey." But even he didn't think that this answer would sit well with Congress at a time when disengagement is the increasingly popular cry.

Hence the conclusion of a good many experts in and out of government that what is needed is a change in the U.S. approach to Syria.

This conclusion rests on no illusions about the goodwill of President Assad. But it does presuppose that the Syrians do not respond well to being regularly reviled as outlaw supporters of terrorism or super-surrogates of the Soviet Union. It presupposes, as well, that while Syria has a natural interest in the orientation of any government in Beirut out of concern for its own security, it has no serious aim of conquering even a large part of Lebanon.

Syria also is known to resent pro-

foundly the U.S. promotion of what it sees as an Egyptian-Jordanian-PLO "front" at the expense of Syria's valid stake in the larger Arab-Israeli conflict centering on its territory, the Golan Heights, under Israeli occupation. Yet the Golan question has been systematically left out of not only the Camp David process but also Ronald Reagan's amended version in his Middle East initiative of September 1982.

Nobody is making any promises that Mr. Assad would suddenly become pliable by being folded into the peace process. But a calculated effort to isolate Syria would seem, on its face, to be squarely at odds with Reagan administration efforts to pressure Mr. Gemayel to broaden his base of government.

To do that Mr. Gemayel is going to have to reach out to the elements in the Moslem communities that the Reagan administration argues are under Syrian control. That is to say, he is going to have to come somehow to terms with Syria.

The Washington Post.



Lebanon and the Democrats: A Trap to Avoid

By Tom Wicker

NEW YORK — The resignation of the Lebanese cabinet is a new blow to President Reagan's claims of progress toward peace and stability in a country that for years has not known either. But Democrats in Congress would be well advised to step lightly in their efforts to extricate the marines from the perilous position in which Mr. Reagan has sent them in Beirut.

Those efforts suggest that the Democrats want to exploit politically the president's unpopular policy; and in part, of course, they do. But in case they had forgotten Mr. Reagan's consummate ability to exploit the exploiters, he gave them a sharp reminder with his remark that House Speaker Tip O'Neill "may be ready to surrender, but I'm not."

Surrender is not a good policy to take to the voters, and no Democrat should doubt Mr. Reagan's capacity to persuade the American public that he will "stand tall" against all comers in Lebanon unless fearful Democrats force him to pull out.

The chaotic situation in Lebanon, however, speaks for itself. The progress Mr. Reagan keeps claiming is not apparent to many outside the White House and the State Department. The marines continue to take casualties that appear both avoidable and futile. And the departure of the Wazzan cabinet underscores

the absence of a strong central government for the marines to support.

That there will even be a Lebanese government for much longer is not certain. President Gemayel has not shown himself to be the strong leader who can hold the warring factions together. There is talk of replacing Mr. Gemayel with Dany Chamoun, a rival and the son of former President Camille Chamoun; he might be a stronger leader, but such a switch could hardly be made without the appearance and, perhaps the reality of further chaos.

Mr. Gemayel faces this dilemma: He says he cannot get the necessary participation in a representative government by Shiite and Druze leaders unless he accepts their insistence on abrogating the agreement providing for Israeli withdrawal from Lebanon; but both the United States and Israel oppose abrogation of what, after all, is the only semblance of diplomatic accomplishment since the Israeli invasion of 1982. Yet the agreement can have no effect until Syria also agrees to withdraw — which Syria refuses to do before the Israeli withdrawal agreement is canceled.

To get the government that Mr. Gemayel may have to accept the

position of the country that the administration considers to be the main enemy of Lebanese stability.

By converting the marines' mission from peacekeeping to support for the Lebanese government, Mr. Reagan got them into an exposed military position and himself into an exposed political position. Since then he has dug the hole deeper by his insistence that U.S. "credibility" is at stake in Lebanon and that withdrawal would end hopes for an overall Middle East peace.

These claims will make it extremely difficult for Mr. Reagan to reverse course in Lebanon, no matter how the situation there deteriorates. He has already labeled withdrawal as "surrender."

House Democrats therefore were wise to tone down their new resolution calling for the "prompt and orderly withdrawal" of the marines. They might be still wiser to drop it.

Why should they leave themselves open to the "surrender" label while providing Mr. Reagan with a political escape route — the excuse that he wanted to stand fast in Lebanon but that the Democrats forced him to withdraw? Why not let the situation in Lebanon continue to speak for itself, while Mr. Reagan tries to justify a policy the American

public seems reluctant to accept?

The marines, of course, are paying the highest price for Mr. Reagan's obduracy. But Mr. O'Neill and the House Democrats can do little about that. Mr. Reagan already has congressional authorization, which is unlikely to be repealed, to keep the marines in Lebanon for 18 months. Only by cutting off appropriations can Congress force a president to countermand himself, when he is acting in his constitutional role as commander in chief of the armed forces. And, while the marines are under fire, Congress is surely not going to cut the funds that sustain them.

In this situation, the Democrats have no responsibility except to express their disapproval, which their members of Congress and their presidential candidates can do with cumulative effect. Neither their party nor Congress seat the marines to Lebanon or insists on keeping them there; neither has constitutional responsibility for foreign policy or for commanding armed forces.

Those responsibilities rest on Mr. Reagan's shoulders, as does the plight of the marines. The public knows that, and by November may be ready to call him to account — without being nudged by toothless Democratic resolutions.

The New York Times.

And Now the Necktie Theory of American History

By George F. Will

WASHINGTON — America is back and standing tall and has a nice sharp crease in its trousers. Perhaps America is back because its pants are pressed. Or perhaps it's vice versa. Hang on, campers, sociology is never smooth sledding and (mix that metaphor!) today we are venturing into deep water.

Proof of the fact that not everything incredible is untrue is this bulletin: Last week the modest government at Washington and Lee University asked the faculty to get the undergraduates into more presentable dress — to require that neckties be worn in their classes.

That should silence cynics who say it matters not who wins elections. Three years of Ronald Reagan and T-shirt chic has been routed. First Reagan, now this. Five more years and college students will be wearing madras jackets during spring vacation in liberated Hawaii.

Some faculty members at Washington and Lee saw the student government's request (subsequently softened to an exhortation to the student body to dress better) as the thin end of the wedge of fascism. Others saw it as a sign of the "return to the 50s." You may be thinking: A dress code is to be expected from a school in Virginia named, in part, for Robert E. Lee, who went through West Point without a demerit and who, although he was a crackerjack soldier, was not, let's face it, a lot of laughs. True, Washington and Lee may not be a fair sample on which to base a continental conclusion. But if people start insisting on fair samples, what will happen to punditry?

So I herewith report a second instance of cultural renaissance. A friend of mine, whose politics place him somewhere between Walter Mondale and Che Guevara, notes with distress that young ladies on campuses are again using makeup. My friend is demoted but not dishonest, so I believe him. I am eager to do so because in 1970, when I fled in horror from academic life, young ladies seemed to take as their model a singer, Janis Joplin, whose hair looked as though she had just stepped on a high-voltage cable.

The restoration of the ancient regime — neckties, the nuclear family and all that — was under way by Christmas 1982, when Charlie, the thoroughly modern woman who is the protagonist in Revlon commercials, seriously considered marriage. She did not take the plunge, but probably will if Mr. Reagan is re-elected and "traditional values" get four more years of his attention.

In the current issue of Public Opinion magazine, Daniel Yankelovich sorts all this out. He explains that commercials such as Charlie's (and the Coke commercials, which are almost oppressively full of jolly groups) are part of "the struggle with narcissism." When did narcissism creep in?

bringing hedonism with it? In the 1960s and '70s, when there was a rebellion against "the 1950s pattern of obligations, rigid roles and duties." In the '60s the man in the gray flannel suit slipped off his leash and slipped into a T-shirt bearing a rude comment about foreign policy. Nothing — not the dollar nor NATO nor the family farm — has been up to snuff since then. In the 1980s there was Mr. Yankelovich says, "a desire to break out of the 1950s."

Today correct thinkers are trying to break back into them. In the '60s and '70s "self-fulfillment" was all the rage, but "self-fulfillment" involves a lot of wear and tear and has bred a desire for tranquility and

social bonds, not to mention neckties. A spokesman for the necktie folk says that their industry is back and standing tall (Reaganomics works!) and that it is doing a land-office business in skinny ties and square-bottom ties — "a '50s look."

But recession also works for the necktie industry. There is, the spokesman says, a correlation between hard times and grim thoughts and the wearing of neckties. Furthermore, in the 1980s, when unemployment was low, men could dress like lunatics (remember the plum-colored dress shirts?) and still get hired.

This necktie theory of history has taken us a long way from Washington and Lee, but I warned you to buckle up. Sociology is a winding road.

The Washington Post.

LETTERS TO THE EDITOR

Work Together Again

A very healthy debate has been observed about the present discomfort of the United States with several international organizations. Simultaneously, however, American voices have been heard complaining about Europeans' excessive concentration on petty internal problems.

It might be recalled that for years American leaders have been calling on Europe's former colonial powers to withdraw from their respective homelands. Thus, unwillingly, those American leaders have helped promote the frustrations and anger that they are now facing all around the world.

The same is true with the growing tendency toward isolationism that Americans notice on this side of the Atlantic. But American imperialism, whether economic, cultural or military, has replaced European colonialism as the villain in the play.

Let us now work together again to build a better understanding of each other. Other peoples desperately need our common help and protection — without our pride and prejudice, but without undue shame either.

PIERRE THEAU.

Britigny-sur-Orge, France.

Washington and the UN

To the question "Washington and the UN: What Went Wrong?" posed by Richard Bernstein's analysis (IHT, Feb. 1), William Pfaff provides the answer in the same issue — in "Beyond Geopolitics: Can America Fathom the Third World?" — when he observes that the United States government (which is not "bureaucratically capable of thinking very far ahead") has not grasped "the intellectual and emotional world of the developing countries."

The International Herald Tribune devoted two-thirds of a page to Mr. Bernstein's pro domo exploration of the reasons for the decline of U.S. influence in the United Nations, but only a brief paragraph refers to Washington's foreign policy as a possible cause of the situation. America has come to be recognized as the power principally threatening world peace and as the main impediment to the development of a more equitable world social and economic order.

It is disquieting that the only means of redressing the situation that

the article seems to endorse is the arm-twisting advocated by Jeanne Kirkpatrick. This tactic seems already to have been adopted by Washington, if one is to judge by the action of Congress in limiting the U.S. contribution to the UN budget and by President Reagan's decision to take the United States out of UNESCO.

CAMPBELL BALLANTYNE.

Geneva.

About Reagan on Lenin

In "Not Only Laid-Back But Unpredictable" (IHT, Jan. 27), Joseph Kraft ridicules President Reagan's claim that Lenin once likened treaties to pie crusts — "they're made to be broken" — and goes on to assert that "even if Lenin said it, which seems to be doubtful, a serious statesman does not repeat it in public."

I can't vouch for the metaphor, but there is no doubt that Lenin and his colleagues frequently made their views on the non-sancity of treaties quite plain. One example may suffice. The Soviet Peace Treaty with Estonia of 1920 laid down that "Russia unreservedly recognizes the independence and autonomy of the state of Estonia, and renounces voluntarily and forever

The Young Against The Elderly

By David S. Broder

MANCHESTER, New Hampshire — There are signs that the New Hampshire Democratic presidential primary is becoming a generational struggle.

The self-proclaimed candidate of the "middle class," Senator John Glenn, is doing best with the middle-aged and the middle-class. The leader, former Vice President Walter F. Mondale, has a devoted following among the thousands of older voters. But a force that is making this contest interesting as it heads into its final fortnight is the growing movement of younger Democrats to Senator Gary Hart and the Reverend Jesse L. Jackson.

I was able to watch Mr. Mondale, Mr. Jackson and Mr. Hart work their special constituencies in the space of 24 hours last week.

Mr. Jackson was talking mostly to young activists at a conference of Community Action Program workers — a current version of the anti-poverty efforts of the 1960s. Mr. Hart was in a question-and-answer session with the sales force of the Sears store at a shopping mall, mostly women and men in their 30s. Mr. Mondale was at a senior citizens' housing development in Rochester. Each was terrific in the setting he had chosen.

In the powerful rhythm of the pulpit, Mr. Jackson told the community organizers, "I am not here just asking votes for myself. I am seeking a covenant with you to jointly choose a new course. I am not here to invade programs. I am here to plead for empowerment of the people who will bring their own issues to the table. Let the poor be heard!"

Mr. Hart was as cool and cerebral as Mr. Jackson had been passionate, but the message was no less biting. "The 1980s are not like the 1950s or the '60s or even the '70s," he said. "I don't think the old leaders of either party are ready to face those needs. This race is not about whether the country should move left or right, but whether we should move forward."

A gray-haired man in the Sears group — perhaps the oldest person in the room — challenged Mr. Hart, saying that he could remember when members of Congress supported a program on foreign policy, instead of "talking like a lot of alley cats messing things up for the president like they're doing in Lebanon."

Senator Hart did not retreat. "My generation," he said, "when we came to Congress, most of us were not career politicians. Partly because of Vietnam, where our generation lost 50,000 lives, partly for other reasons, we are not as willing to give a president of either party a blank check."

Later, in an interview, Mr. Hart expanded on why he thought he and Mr. Mondale are from different political generations although they are only 10 years apart in age. "The essential difference," he said, "is that he is offering the old constituency groups the promise that he will protect the gains they have made. I am telling them there is no security in that approach; we have to meet the challenge of change, and that will require some sacrifice from everyone."

Mr. Mondale was dealing not with abstracts but with specific fears among the senior citizens in Rochester — and offering explicitly to "protect them." He told them about his mother, who "didn't have a dime" after the death of her husband, a minister, "but Social Security and Medicare enabled her to live out her years with dignity, even after she got cancer." He denounced anyone who would "jeopardize the protections" those two programs offer.

He solicited from his audience stories of the problems they face in paying medical bills, and nodded sympathetically when a woman said her mother's hospitalization wiped out all her mother's savings and most of her own. "This is the kind of thing the White House doesn't understand this," Mr. Mondale said. "Those savings are your independence, your dignity."

"That's right," the oldesters responded in chorus. Scenes like this explained the striking pattern of support showed in a recent Boston Globe poll of New Hampshire voters. Among those under 30, Mr. Mondale had only a 37-26 percentage lead over the totals for Mr. Jackson and Mr. Hart. Among those aged 30 to 49, the gap stretched to 36-18. In the 45-59 age group, it was 48-15, and among those over 60 it was 54-10. The New Hampshire electorate is dominated by the elderly and near-elderly. Were it not, Mr. Mondale might be in trouble.

The Washington Post.

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FROM OUR FEB. 8 PAGES, 75 AND 50 YEARS AGO

1909: A 'Submarine' Ball in Vienna
VIENNA — The "Princess Metternich redoute," an annual red light event in Viennese society, took place [on Feb. 7] in the Sofien-saal. Each season the gala is arranged to represent something original. This year it took the form of a submarine scene. The vast hall was transformed into a series of grottoes, coral formations, giant seaweed effects with strange monsters. Amid the forest of water plants lay a sunken sailing ship. Princess Pauline von Metternich-Sandor wore a heliotope brocade with coral heads, corsage with big embroidered rings and diamond diadem. Princess Clementine was dressed as coral, wearing a white toilette with silver tulle trimmed with a thin bordering of coral from which hung seaweed.

1934: Paris Riots Topple Daladier
PARIS — Bloodstained after a night of fierce rioting and reckless looting, Paris this morning [Feb. 8] prepared to turn toward its venerable former President

The Young Against The Elderly

By David S. Broder
MANCHESTER, N.H. — There are no more young people in the world, says the New Hampshire State Representative, a member of the House of Representatives. The statement is a bit of a joke, but it is also a reflection of the fact that the young people of the world are no longer the same as they were in the past. They are no longer the "young men" of the past, who were the mainstay of the economy and the backbone of the nation. They are now the "young people" of the future, who are the hope of the world and the future of the nation.

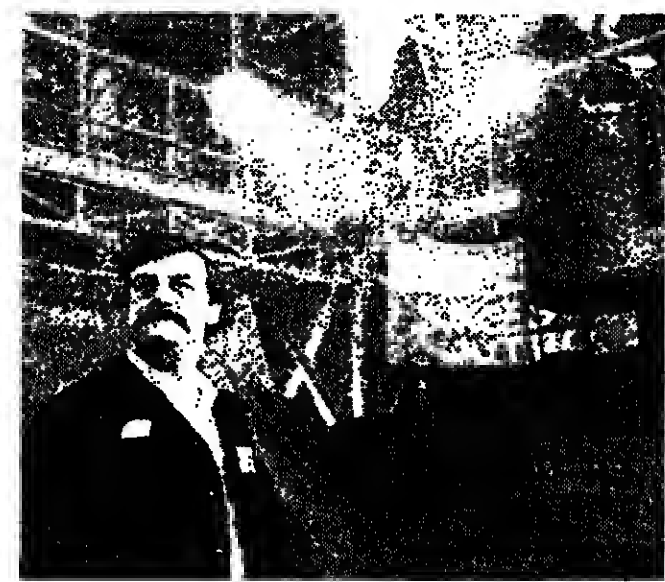
ARTS / LEISURE

Stoppard's View of Solidarity

By Bart Mills
International Herald Tribune
LONDON — Tom Stoppard, the Czech-born English playwright, has been looking at Poland in his two-hour television play, "Squaring the Circle," which recently completed shooting in London. He presents the creation and crushing of Solidarity, the independent labor movement led by Lech Walesa, as an event that can be interpreted in many different ways. Walesa, the Nobel Prize-winning electrician, is played by Bernard Hill. "Our knowledge of what actually happened in Poland is sketchy," Hill said in London recently. "In 'Squaring the Circle,' all that ambiguity is presented ambiguously. The play winds up as an impression, not a documentary." The production is highly stylized and was filmed on a single, ingenious set, created by a Polish designer.

Stephen Schlow, the American coproducer, likens the play to Aleksandr Kurossov's "Rashomon," which also presented differing versions of the same event, and Stoppard has been exploring the appearance-versus-reality genre ever since "Rosencrantz and Guildenstern Are Dead," the story of "Hamlet" told from the point of view of the two baffled walk-ons. "Squaring the Circle" takes its title from the mathematical paradox that has become a figure of speech for an absurd impossibility. It tells the story of the Solidarity movement from the point of view of an American reporter (played by Richard Crenna) who unsuccessfully tries to get to the bottom of things. Hill gave an example. "We know that on such and such a day, Lech met for two hours and 20 minutes with Jaruzelski, the head of the government, and Gimp, the head of the Catholic Church. We know this meeting occurred, but we don't know what was said at the meeting. So, unlike most historical recreations, we didn't come to the conclusion, 'This is what happened.' We played the meeting scene three times, from three different points of view. The whole production is like that — very stylized. Every time the reporter says, 'This is what happened,' somebody wags his sleeve and says it wasn't like that at all. So the reporter always has to say, 'How about this version then?'"

Hill, who was born in the northern industrial city of Manchester, Michelangelo Drawing
United Press International
MOSCOW — A drawing by Michelangelo has been discovered in a university library in Estonia. Entitled "Hell," it is believed to be a sketch for the "Doomsday" fresco in the Sistine Chapel, Tass said.



Bernard Hill as Lech Walesa.

'Strider': Some Yeas and Neighs

By Sheridan Morley
International Herald Tribune
LONDON — Looking at times ominously like a school tour sponsored by the Pony Club of Great Britain, "Strider" comes to the Cottesloe stage of the National Theatre in a new arena production by Michael Bogdanov. A decade ago in Leningrad, this was the Tolstoy production which established that legendary director alongside the now-exiled Yuri Lyubimov as one of the twin heads of the new Russian theater. More recently, it catered lengthily on Broadway, where it was widely regarded as a kind of "Equus" without the psychiatry or the sex. Now that we at long last have the chance to see it, "Strider" emerges as a reasonably faithful transposition to the stage of Tolstoy's "Black Beauty" parable about the old piebald gelding recalling the ups and downs of his former life among the cruel nobility and mindless peasants of mid-19th-century Russia. It has always been a set-text kind of piece, relentlessly determined to gallop home with its message about the horse being far more noble and ultimately useful to man than far less given to injustice or inhumanity or greed.

Accordingly the dialogue in Mark Rozovsky's musical dramatization is somewhat spare, and (as aware of that as was Tolstoy) Bogdanov has fleshed it out with a mix of religious ritual, mime, ballet and pantomime in the hope of bringing some kind of life into the

The Day Beatlemania Began in U.S.

By Andrea Herzberg
United Press International
NEW YORK — In their suits, ties and wide grins they looked like traveling schoolboys as they stepped off Pan American Flight 101 at Kennedy International Airport on Feb. 6, 1964. George Harrison, 20, carried a small flight bag. Paul McCartney, 21, stood side by side with John Lennon, 23. Ringo Starr, 23, wearing a bulky scarf around his neck, was last off the plane. They were the Beatles — the sons of working-class English families who were creating a sensation in Europe. They had fans in West Germany and fans in England, and now they had fans in the United States. "The air was... electrified. Nobody knew what to expect and I don't think any of us realized, in-

cluding the Beatles, the amount of mayhem that was to follow," the New York deejay Bruce (Cousin Bruce) Morrow recalled Monday. Ten thousand screaming fans and 200 representatives of the media turned out to greet the four at the airport.

Morrow, then with WABC radio, remembers being herded into a makeshift conference room at Pan Am, where the press met "four scared Liverpoolians."

One desperate young woman popped herself into a garbage can and begged him to wheel her into the press conference so she "could be used as a garbage can" just to be in the same room as the Beatles. The United States' passionate reaction to the group was based on more than their immense talent, Morrow said.

"The stage was set: The [Vietnam] war, the Kennedy tragedy. We were broken up as a nation. The Beatles made us smile again." The screaming never stopped. The fans shrieked from behind wooden police barricades in front of New York's Plaza Hotel. They screamed from the balcony of Carnegie Hall.

Then on Sunday, Feb. 9, the Ed Sullivan Show. It was, as Sullivan used to say, "a really big show."

Sullivan's CBS theater in New York seated 700. The show received 50,000 requests for tickets. Among the lucky ticket holders were Tricia and Julie Nixon, daughters of then former Vice President Richard Nixon.

"I remember my father saying 'Guess who's going to be on Ed Sullivan.' I didn't know who they were. But I thought they were something I should know about," said Bert Gerowitz, a graphic artist in Manhattan, who was then 7.

"The next day I remember every-

U.S. Movie Marquee

CAPSULE comments on films recently released in the United States:

"Contrived and clichéd as it turns out to be, 'Reckless' has enough vitality to carry it for a while," writes Janet Maslin of the New York Times. The film, which marks the directing debut of James Foley, "is about the predictable fury that tough, rebellious Johnny Rourke (Aidan Quinn) stirs up in well-off, well-bred Tracy Prescott (Daryl Hannah)," Maslin writes. "Though Foley can't really rise above the obviousness of this material, he tries hard to give the film a distinctive style."

The movie of Bruce Jay Friedman's "Lonely Guy's Book of Life" "doesn't have any plot to speak of," according to Janet Maslin of the New York Times, "though not for lack of trying. If you can get past the movie's aimlessness and its visual drabness, it has its share of

isolated laughs. Steve Martin fits right into the sad-sack role of the title, playing a dateless greeting-card writer who can't believe his ill fortune."

In "When the Mountains Tremble" and "Nicaragua: Report From the Front," U.S. foreign policy toward Guatemala and Nicaragua is examined, writes Vincent Canby of the New York Times, "with undisguised but emotionally effective bias on behalf of left-wing movements." The first film, directed by Pamela Yates and Thomas Siegel, is an 83-minute feature "that is as much about the history of U.S. Guatemala relations as about the contemporary situation."

"Nicaragua," a "short, tough harrowing film containing interviews with key members of Nicaragua's revolutionary Sandinista government as well as with key members of the opposition," is directed by Deborah Shaffer and Siegel.

Manes Sperber, 78, Novelist of Modern Europe

New York Times Service
NEW YORK — Manes Sperber, 78, a novelist and essayist who wrote about the political and literary events of modern Europe, died Sunday of heart disease in Paris. Mr. Sperber once described the philosophy behind all his novels and essays in these words: "Man's duty is not to be a hero — which is making a virtue of misery — and not to be a saint — which is making a virtue of virtue — but solely to become wise." He was the author of a trilogy — "The Burned Bramble," "The Abyss" and "Journey Without End" — that traced the course of European affairs in personal terms before and after Hitler's Third Reich. The three novels were later published together under the title "Like a Tear in the Ocean." Upton Sinclair compared "The Burned Bramble" to the writings of Theodore Dreiser and John Steinbeck, and Arthur Koestler called the trilogy an "extraordinary adventure of the human spirit."

Mr. Sperber joined the Communist Party in 1927 and broke with it 10 years later, became a Social Democrat and remained an outspoken anti-Stalinist for the rest of his life. He continued to describe himself as "an old revolutionary" who did not believe in redemption through revolution.

He was born in 1905 in Zaslav, then part of Austria. He became a close associate of Alfred Adler, the psychologist, and lectured and wrote about him in Vienna and Berlin. By 1933, Mr. Sperber was professor of psychology at the University of Berlin. He settled in France the next year, when Hitler consolidated his power, and became a French citizen.

Lord Byers, 68, Member Of British Liberal Party
LONDON (AP) — Lord Byers, 68, a leading member of Britain's Liberal Party, died Monday in London after suffering a heart attack in his office at the House of Lords.

Lord Byers had been the party's leader in the House of Lords since 1967. As Frank Byers, he was chief whip in the House of Commons from 1946 to 1950 and chairman of the party from 1950 to 1952 and again from 1965 to 1967. He was made a life peer in 1964.

Jorge Guillen, 91, Poet Of the 'Generation of '27'
MALAGA, Spain (Combined Dispatches) — Jorge Guillen, 91, one of the most renowned members of the literary "Generation of '27"

er, and became a French citizen. that flourished before the Spanish civil war, died Monday in Malaga of complications resulting from pneumonia.

Mr. Guillen was best known for his "Cántico," which critics hailed as disciplined, sharply written and unpretentious verse. His work was neither published nor taught in Spain for decades because of his opposition to Franco's dictatorship.

Other deaths: Jimmy Ernst, 63, son of the Surrealist painter Max Ernst and himself a well-known painter in the United States, Monday of a heart attack in New York.

Chuck Cooper, 57, who became the first black player in the National Basketball Association when he was drafted by the Boston Celtics in 1950, Monday of liver cancer in Pittsburgh.

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Red Cross, Not PLO, to Get Request

New York Times Service
NEW YORK — A \$30,000 request to the Palestine Liberation Organization by an American journalist who died in 1981 will go instead to the International Committee of the Red Cross, to aid Palestinian refugees, under terms of a settlement.

The agreement, announced Monday, was reached after three U.S. and international Jewish groups tried to block the original request. Fred Sparks, the journalist who left the money, was said to have been moved by the plight of Palestinian refugees he wrote about in the late 1940s.

The settlement stipulates that the International Committee will set up a fund to be used only for such things as food, medicine and housing for Palestinians.

In 1981, the Jewish groups filed papers in a Manhattan probate court charging that the PLO was a "terrorist organization" and should be barred from receiving the grant. The court withheld the grant.

Zehdi Labib Terzi, the PLO's permanent observer to the United Nations, said Monday that the court's approval of the agreement "validates the position that the Palestine Liberation Organization is, in point of fact, the representative of the Palestinian people" and that it "is not a terrorist organization."

The state attorney general, Robert Abrams, later denied that the settlement had any bearing on the PLO's status.

Gulf of Mistrust Splits Western Sahara

By Henry Kamm
New York Times Service
AIUN, Western Sahara — This raw desert town of 100,000 people, with brown concrete houses, government offices and mosques newly built or still under construction, has an air of unsettled business, of intentions unfulfilled.

Part of the reason seems to be that it was only a third its present size eight years ago, when it passed from Spanish to Moroccan control. But more important is the fact that almost everyone here today lived somewhere else when Morocco annexed the colony Spain was abandoning.

About half of the 29,000 Saharans who lived here while it was the capital of the Spanish Sahara are still in town. Most of the others are assumed to be with the 75,000 Saharans living under the banner of the Polisario guerrillas around Tindouf, Algeria. The guerrillas are fighting to make the Western Sahara an independent nation.

That leaves about 85,000 people who were Saharan nomads or are Moroccans sent here by government or civilian employers. There are also those who rightly saw a chance for profit in the war that Morocco and the Polisario Front have fought since 1976 and in the ambitious development projects that King Hassan II of Morocco started to back his claim to the territory.

But although there are many economic advantages here — no taxes and cheap housing, for example — this is not a happy pioneering community. Mutual suspicion has ap-

parently created a gulf between Saharans and Moroccans. This is strenuously denied by Moroccan officials, who assert that Saharans are just like Moroccans, a claim that affronts many Saharans proud of their individuality.

A senior civil servant of Saharan origin who was assigned to work in the former Spanish colony said Moroccans "simply have no confidence in us."

Saharans resent the quick riches that have been reaped from government contracts by some of their own but mainly by Moroccans. Moreover, Saharan intellectuals believe the arrival of roads, schools, hospitals and other services in Aiun, Smara, Bu Craa and Ad Dakhla is permanently changing the ways of life in one of the world's last nonconsumer societies.

A Spanish university student said the minority of Saharans who worked in administration or business under Spain lived at least part of the year in a tent in the desert. The war has caused both Morocco and the Polisario Front to fix the populations under their control in

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SPORTS

Brash U.S. Downhiller Johnson Ready to Take What He Can Get

By Denis Collins

Washington Post Service

SARAJEVO—He was skipping school by the time he was 9 and hitchhiking to his neighborhood ski slope. At 18, he was a full-fledged ski bum, washing dishes to support both his downhill habit and a notorious appetite for the good life.

This week, Bill Johnson, 23, who was once kicked off the U.S. Alpine ski team for training abuses, is laying odds that he will be the first U.S. man to win an Olympic gold medal in skiing. "There is no doubt," Johnson said. "This is my kind of course and I think most everybody knows it."

After beating the best downhill racers in the world in Sunday's training run for Thursday's Olympic downhill, Johnson came right back in Monday's training race to finish second. His confidence didn't really need the boost.

"There's basically nothing I can't do," Johnson told a sudden crush of international reporters trying to figure out where this cocky World Cup rookie came from.

Downhill racers are not supposed to be modest. They are the daredevils of Alpine sport, kamikaze pilots who streak down snow-covered mountains with their chins pushed out over their knees and their skis in the air as often as they are on the ground.

If you want self-effacing, cerebral types, go find some slalom skiers. For the downhillers, the only rule they must obey is to get from top to bottom as fast as their skill and courage will allow.

That stereotype fits Johnson as

snugly as his latex racing suit. When not speeding down mountains, he likes to take his car over bumps in the road at 100 mph. "Can you get a Pinto Runabout airborne?" Johnson asks rhetorically. "You bet."

The U.S. ski team arrived at champions, Phil Mahre and Tamara McKinney, who are among the favorites to win gold, and three other skiers expected to have a good shot.

Johnson was not one of them. Just one year ago he was skiing in the Europa Cup circuit, skiing's equivalent of the minor leagues. He did win both the overall and downhill titles, becoming the first American to achieve either. But as a rookie this season on the World Cup circuit, he was not expected to do much better than compete.

The first indication that he would again play his assigned role came last fall in Austria where he finished sixth in a World Cup downhill, despite starting in the 43rd position, when the course had been sliced nearly to death. A few weeks later he placed fourth in Italy. Last month, in Wengen, Switzerland, Johnson did what no U.S. skier had ever done by winning a gold medal in a World Cup downhill.

"I think most of the guys respect what I've done and don't consider it a fluke," said Johnson, who is acknowledged as one of the sport's fastest "gliders," a skier who does particularly well on the steep, smooth portions of downhill runs. And the run at these Olympics, down the face of Mount Bjelasnica, is a glider's dream.

That has delighted Johnson and upset some of his competitors. "This is basically a course for 8-year-olds," complained Franz Klammer, Austria's 1976 Olympic gold medalist who excels on more bumpy, treacherous courses. But if I say it is too easy and then I fall, everyone will laugh at me.

It is ironic that this course is being criticized as too easy. One year ago during pre-Olympic competition on down Bjelasnica, a number of downhillers crashed, then complained that the run had too many sharp turns and huge jumps.

Peter Müller of Switzerland added tragic emphasis to that complaint when he wiped out at the bottom of the run and suffered a brain concussion and torn knee ligaments that laid him up for a month. The course was redesigned as a result.

"I think the organizers learned a lesson from last year," said Müller, one of the favorites here this week. "The course was definitely improved."

Johnson concedes this might be the easiest course he's run all season. But he refuses to apologize for that. "You have to be able to take what you get. Those guys are just not able to change fast enough to new conditions."

After watching these skiers race down the mountain, easy is not a word that comes to mind.

"You have to be a daredevil to do this, to go 90 miles an hour down a mountain," Johnson said, who grew up in Idaho and Oregon and lives in California. "It's exhilarating. We only get one practice run a day. I wish we could make four or five."

Bill Johnson, loosening up for an Olympic training run.

rating. We only get one practice run a day. I wish we could make four or five."

Bill Marolt, the director of the U.S. Alpine program, has had his differences with Johnson over the years; Marolt dropped Johnson from the team three summers ago for being out of shape.

Marolt seems considerably more tolerant now that Johnson is a World Cup winner. "You don't see

a lot of great who aren't free spirits," Marolt said. "What he has is what all great athletes have, that spirit that he is great."

Johnson concedes that he has changed his rough ways somewhat since he began attracting some international attention last year.

"I don't go out and get drunk much at night," he said. "I do that during the summer."

The air in Sarajevo is among the

most polluted in Yugoslavia. Some 400 coal-fired heating plants, 70,000 household chimneys and emissions from thousands of automobiles are blamed for the pall that hangs over the city almost five months a year.

A brochure issued by the city council said there is a direct correlation between the number of

Alydar Finally Beats Affirmed

By Andrew Beyer

Washington Post Service

WASHINGTON—Affirmed and Alydar: It's almost impossible to mention one horse without thinking of the other. After their stirring duels in the Triple Crown series of 1978, their names were bracketed in the memories of racing fans.

Affirmed's versatility, and perhaps his indomitable spirit, enabled him to beat Alydar by a matter of inches in most of their meetings, but they were about as evenly matched as two horses can be.

After they were retired, they were widely expected to wage another close battle for supremacy, this time to determine which would be the better stallion.

But this time the competition has been a mismatch: there have been light years of difference between them in the breeding shed.

After their first offspring raced as 2-year-olds in 1983, Alydar emerged as one of the most successful freshman sires in history. Affirmed's performance was embarrassing.

In the Thoroughbred Record's compilation of the leading sires of 2-year-olds, published late last month, Alydar was the runaway winner, with his progeny earning \$1.1 million to break the record of the great Bold Ruler.

Alydar was the first freshman sire ever to lead the list. His daughter Althea has been named the Eclipse Award-winning 2-year-old filly. Affirmed did not even make the list.

The newsletter Racing Update, however, published a year-end ranking of 74 stallions whose first foals were 2 years old in 1983, and Affirmed was 50th on the list, below a lot of animals that even hard-

core racing fans may never have heard of.

In the casual observer, the contrasting performances of these two great horses would seem to confirm the insurmountability of the breeding business. And yet this was one result that the experts in the game anticipated, to some extent.

When their first offspring were sold at auctions in 1982, the price for Alydar yearlings averaged nearly double that of Affirmed yearlings.

Why has Alydar been so much more successful? John Veitch, the man who trained him, has no doubts: "It all goes back to the pedigree."

Most breeding experts believe firmly that a top racehorse must have a top pedigree to be a successful stallion, and Alydar's female line was much better than that of his rival.

Affirmed's dam comes from the wrong side of the tracks. Alydar's dam, Sweet Tooth, is a regally bred mare who has produced a multitude of other stakes horses.

Moreover, Alydar tended to sire

good-looking, often flashy-looking foals, just as his own sire, Raise A Native, did.

"Alydar was a much more robust horse than Affirmed," Veitch said. "And he's passing that along."

Affirmed took after his own father, Exclusive Native, in this respect; his offspring were often plain and unimpressive-looking.

"It's my impression," said Bill Oppenheim, the editor of Racing Update, "that the Affirmed appear to be backward, the type of horses who will develop later rather than earlier."

"But it's far too early to write off Affirmed," he added. "When you look at the way stallions develop, it would certainly be premature to condemn a horse because he has an unsensational 2-year-old in his first crop."

True, but there haven't been many horses who started their careers by ranking 50th on the freshman sire list and turned into stars.

If Affirmed is going to be respectable, he is going to have to make a strong rally. Just the way Alydar used to.

College Basketball Polls

The Associated Press

NEW YORK—The top 20 teams in the Associated Press college basketball poll (with first-place votes, total points, records through Sunday and last week's ranking):

| Rank | Team | Points | Record | AP Poll |
|------|------------------|--------|--------|---------|
| 1 | No. Carolina | 120 | 20-0 | 1 |
| 2 | Duke | 118 | 20-0 | 2 |
| 3 | Georgetown | 115 | 19-0 | 3 |
| 4 | Nevada-Las Vegas | 110 | 19-0 | 4 |
| 5 | Houston | 107 | 19-0 | 5 |
| 6 | Kentucky | 103 | 18-2 | 6 |
| 7 | Texas-El Paso | 101 | 18-2 | 7 |
| 8 | Illinois | 100 | 17-2 | 8 |
| 9 | Drexel | 99 | 16-3 | 9 |
| 10 | Oklahoma | 97 | 16-3 | 10 |
| 11 | Purdue | 96 | 16-3 | 11 |
| 12 | Tulsa | 95 | 16-3 | 12 |
| 13 | Maryland | 94 | 16-3 | 13 |
| 14 | Wake Forest | 93 | 16-3 | 14 |
| 15 | Louisville | 92 | 16-3 | 15 |
| 16 | Auburn | 91 | 16-3 | 16 |
| 17 | West Virginia | 90 | 16-3 | 17 |
| 18 | Georgia Tech | 89 | 16-3 | 18 |
| 19 | Syracuse | 88 | 16-3 | 19 |
| 20 | Louisiana | 87 | 16-3 | 20 |

United Press International

NEW YORK—The United Press International board of coaches has selected the 20 college basketball poll winners through Sunday in parentheses:

| Rank | Team | Points | Record | AP Poll |
|------|------------------|--------|--------|---------|
| 1 | No. Carolina | 120 | 20-0 | 1 |
| 2 | Duke | 118 | 20-0 | 2 |
| 3 | Georgetown | 115 | 19-0 | 3 |
| 4 | Nevada-Las Vegas | 110 | 19-0 | 4 |
| 5 | Houston | 107 | 19-0 | 5 |
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| 12 | Tulsa | 95 | 16-3 | 12 |
| 13 | Maryland | 94 | 16-3 | 13 |
| 14 | Wake Forest | 93 | 16-3 | 14 |
| 15 | Louisville | 92 | 16-3 | 15 |
| 16 | Auburn | 91 | 16-3 | 16 |
| 17 | West Virginia | 90 | 16-3 | 17 |
| 18 | Georgia Tech | 89 | 16-3 | 18 |
| 19 | Syracuse | 88 | 16-3 | 19 |
| 20 | Louisiana | 87 | 16-3 | 20 |

College Basketball Scores

The Associated Press

| Rank | Team | Points | Record | AP Poll |
|------|------------------|--------|--------|---------|
| 1 | No. Carolina | 120 | 20-0 | 1 |
| 2 | Duke | 118 | 20-0 | 2 |
| 3 | Georgetown | 115 | 19-0 | 3 |
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| 9 | Drexel | 99 | 16-3 | 9 |
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| 12 | Tulsa | 95 | 16-3 | 12 |
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| 14 | Wake Forest | 93 | 16-3 | 14 |
| 15 | Louisville | 92 | 16-3 | 15 |
| 16 | Auburn | 91 | 16-3 | 16 |
| 17 | West Virginia | 90 | 16-3 | 17 |
| 18 | Georgia Tech | 89 | 16-3 | 18 |
| 19 | Syracuse | 88 | 16-3 | 19 |
| 20 | Louisiana | 87 | 16-3 | 20 |

IOC Makes Supergiant Slalom a Medal Event for 1988 Games in Calgary

Compiled by Our Staff From Dispatches

SARAJEVO—The International Olympic Committee has added supergiant slalom skiing as a medal sport for the 1988 Winter Olympics in Calgary, Alberta.

The supergiant is a hybrid of the traditional giant slalom and the downhill. It utilizes gates farther apart than in the giant but closer

together than the control gates used in the downhill. The relatively new event is contested on the World Cup circuit.

The IOC on Monday also approved Calgary's application to present curling and freestyle skiing as demonstration sports. Calgary also had hoped to have short-track speed skating as a demonstration sport.

Freestyle, once known as hotdog skiing, involves judged competition rather than timed races. There are three types of freestyle competition—acrobatics, moguls and ballet.

Last month, ABC-TV won the U.S. television rights to the Calgary Olympics with a bid of \$309 million. At a news conference here Monday, Frank W. King, the chairman of the Calgary organizing committee, revealed that money would be divided.

He said the organizers would

keep \$226.6 million and the IOC would receive \$82.4 million. He said the organizers would pay "just under \$2 million" to Barry Frank of Trans World International, a U.S. company, for his work as a consultant in the television negotiations. King also said the organizers would pay "several million dollars" for an insurance policy on the television signal.

King said the funding for the Calgary Olympics would include 200 million Canadian dollars from the Canadian government, 100 million dollars from the province of Alberta and 50 million dollars from the city of Calgary, all for construction.

The Calgary organizers made a progress report to the IOC and, said King, the IOC had "no questions to do with our financing."

Michela Figini of Switzerland, who won the final World Cup downhill before the Olympics, set the fastest time Tuesday for the second straight day in practice for the women's Olympic downhill.

The 1,965-meter (6,420-foot) piste on Jahorina Mountain, 28 kilometers (17.3 miles) from Sarajevo, is fast and icy; the skiers were averaging just under 100 kph. Three of the top-ranked group went too fast in the final section and missed a gate.

The women had good reason to get their runs over as fast as possible. Shortly after the training session ended, a small avalanche dumped more than a meter of snow across a 90-meter long section of the track at a crucial S-bend.

Soldiers immediately began the task of removing the snow and packing down the course, which several of the top skiers said was otherwise in excellent condition.

Over at Mount Bjelasnica, winds of 100 kilometers an hour swept across the mountain and forced cancellation of the next-to-last training run for the men's downhill to be run Thursday. The remaining training descent has been set for Wednesday.

"You could barely stand up on the top and with that wind coming from behind it would have added 20 kilometers an hour to your speed," said Ken Read of Canada, who has retired from competitive skiing but made a trial run for organizers.

Smog, which has been one of the concerns about the 1984 Summer Olympics in Los Angeles, arrived in Sarajevo Tuesday. A thick pall of eye-stinging smog blanketed the city, blotting out the sun and mountain scenery.

Yugoslav weather forecasters

were hopeful, however, that the smog—known locally as "Magla"—would lift in time for Wednesday afternoon's opening ceremony at Kosevo stadium. "We will cope with Magla in our own way," Games spokesman Pavle Lukac said.

The air in Sarajevo is among the

most polluted in Yugoslavia. Some

400 coal-fired heating plants, 70,000 household chimneys and

emissions from thousands of automobiles are blamed for the pall that hangs over the city almost five months a year.

A brochure issued by the city council said there is a direct correlation between the number of

deaths recorded in Sarajevo and high smog days. It gave no figures.

So far, the fog and smog have not disrupted incoming flights. To be on the safe side, there are huge fans near the runways to keep things clear. The system cleared the airport area of fog within 90 minutes during a test last month, Games organizers said. (NYT, AP, UPI)

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INSIGHTS

Reagan's Campaign Plan Looks Familiar

By Lou Cannon

Washington Post Service

WASHINGTON — When he announced his candidacy, he was far ahead of his Republican rivals in the polls and seemed a certain nominee.

Then, in the first week of his campaign, he made misstatements that raised doubts about his competence to be president, shocked his staff with a comment on a morning television show and solidified his base with a speech in Washington to his most ardent supporters.

The year was 1979, and the candidate was Ronald Reagan. Last week, history seemed to be repeating itself.

Mr. Reagan's announcement last Sunday that he would seek re-election was followed by a speech to the National Association of Religious Broadcasters that had been scheduled long in advance.

The purpose of the address, in the jargon of one Reagan strategist, was to "energize our base with the religious right." To this end the president called for legislation to restrict abortion, a constitutional amendment to allow prayer in public schools and promotion of family values and "God's good news."

In response, Mr. Reagan received one of the most enthusiastic receptions of his presidency. If the applause was an accurate gauge, Mr. Reagan more than accomplished the purpose of his speech, which was to galvanize the support of those conservatives who place the "social issues" first on their agenda.

In past campaigns, as in this one, Mr. Reagan has started by stirring passions among his most committed supporters, then gradually moving toward the center of the political spectrum.

The reason for this strategy was defined recently by Richard Viguerie, a fund-raiser for conservative causes. "The conservatives will vote for him, but that may not be enough in a close election," he said. "What Reagan needs is for conservatives to cancel their vacations for him."

Mr. Reagan is not deterred by public-opinion polls that show 2-to-1 disapproval of his position on abortion. He believes strongly that abortion is wrong, his aides say, even though he signed legislation while governor of California that permitted hundreds of thousands of abortions.

Remarks Are Challenged

Last week, Mr. Reagan created controversy beyond his immediate purpose when he asserted that "medical science, doctors, confirm that when the lives of the unborn are snuffed out, they often feel pain, pain that is long and agonizing." This statement was immediately disputed by advocates of lenient abortion laws, who quoted authorities disputing the medical evidence for Mr. Reagan's statement.

Reagan advisers were far more concerned two days later when he commented on television that some people sleeping on outdoor grates

were homeless "by choice." Mr. Reagan was referring primarily to people who had been released from mental institutions and refused shelter, but the statement added to his reputation for insensitivity.

"It didn't hurt now, but it's like Meese's statement about the hungry — it could come back to haunt us later," said one official, referring to Edwin Meese 3d, the counselor to the president, who was criticized in December for saying he had seen no "authoritative figures" that there are hungry children in the United States. Mr. Reagan has chosen Mr. Meese to be the next attorney general.

The opposition received additional ammunition for attacking Mr. Reagan on the "fairness issue" in an interview published Friday in The Wall Street Journal.

"Actually, if there are individuals who suffer from our economic program, they are people who have been dropped from various things like food stamps because they weren't morally eligible for them... in some cases, weren't even technically eligible for those programs," Mr. Reagan said.

This contention is, perhaps, arguable, which is more than can be said for a charge that Mr. Reagan made last Thursday against the Democratic Party.

Speaking Off the Cuff

"If you look back over the years," he said in a speech to congressional Republicans, "you will find that they aren't tax-cutters at all. The tax-cutting that has been done has been done by the Republican Party."

In fact, Congress has cut taxes over the last two decades under Democratic and Republican presidents far more often than it has raised them. Mr. Reagan often has cited President John F. Kennedy's across-the-board tax cut as a model for his own policy of income-tax reductions.

Mr. Reagan's comments about tax cuts and the homeless were ad-lib remarks. He also spoke off the cuff at a prayer breakfast Thursday where he referred to prayer in the accents of the nuclear age.

"If you could add together the power of prayer of the people just in this room, what would be its megatonnage?" Mr. Reagan asked rhetorically.

Whether remarks like these have any effect, negative or otherwise, on the Reagan re-election campaign is a subject of dispute among his advisers.

One strategist said that what happened last week was just "the usual case of Reagan being Reagan — and that's what got him to the White House." Another said that Mr. Reagan has long made statements of questionable accuracy and that they have been largely discounted by voters. Still another said he didn't think that anything the president said in January was likely to affect an election in November.

But some said that the president's performance during the initial days of his re-election campaign may be a useful reminder of the

damage he can do himself. The president made a similar point in the Wall Street Journal interview when he repeated his remark of last year that women are a "magnificent civilizing influence" on society. He said he plans to be "a little more careful" about such remarks because they can be interpreted to his disadvantage.

The White House deputy chief of staff, Michael K. Deaver, a veteran of many Reagan campaigns, said the president's comment about women was unfortunate but not a make-or-break thing because the president clearly was referring to people who have turned down shelter.

1980 Campaign Started Badly

"I think everyone feels a difference in the press coverage after the announcement" of his candidacy, Mr. Deaver added. "I think the press is going to be tougher, and we're going to be scrutinized on everything we say or do. We're going to have to be careful."

Being careful has rarely been Mr. Reagan's style, however.

On Nov. 13, 1979, the day he announced his 1980 presidential candidacy, Mr. Reagan appeared on a television show and responded to a question about his age by saying that he would "probably be younger than almost all the heads of state I will have to do business with."

"Giscard d'Estaing of France is younger than you," observed Tom Brokaw, an interviewer. "Who?" said Mr. Reagan.

"Giscard d'Estaing of France," repeated Mr. Brokaw.

"Yes, possibly," replied Mr. Reagan. "Not an awfully lot more."

Valéry Giscard d'Estaing, then the French president, is 15 years younger than Mr. Reagan, who celebrated his 73d birthday on Monday.

Reagan aides said afterward that the exchange was not a demonstration of the candidate's ignorance but of the fact he is hard of hearing. Since then, Mr. Reagan has acknowledged his hearing loss and now wears a hearing aid to compensate for it.

After this shaky beginning Mr. Reagan held a news conference in New York where he appeared unaware that the city was receiving federal loan guarantees with conditions attached. He went on to Grand Rapids, Michigan, and proved similarly uninformed about his own proposals to help Chrysler Corp.

At the time, this string of errors caused Mr. Reagan's aides such discomfort that they tried for a time to keep him away from troublesome questions. Mr. Reagan went on to lose the Iowa caucuses, then became publicly accessible again in New Hampshire, where he routed his Republican opponents.

In August 1980, Mr. Reagan began his campaign against President Jimmy Carter with a string of disputed statements. He favored the teaching of creationism as an alternative to evolution, referred to the Vietnam War as a "noble cause," undercut the mission of his running mate, George Bush, to the People's Repub-

lic of China with favorable references to Taiwan and climaxed his troubles with a comment that made it appear he was linking Mr. Carter to the Ku Klux Klan.

Even Mr. Reagan, who usually defends his misstatements, was self-critical about this last incident, saying to aides afterward, "I blew it, I should never have said what I said."

The remedy, as it was earlier, was to isolate Mr. Reagan for a few days and then place him in forums where the campaign organizers had as much control as possible. His misstatements diminished and became at most a minor issue in the campaign.

Now, after three years of the Reagan presidency, the president's aides are less troubled by what one of them privately calls "the ignorance issue" than they used to be.

"I don't think it changes any minds," said one adviser.

Last week, the Reagan team was less concerned with what the president had said than about the apparent disarray within the administration on economic and tax policy, as advertised by the conflicting positions on the deficit by Treasury Secretary Donald T. Regan and Martin S. Feldstein, chairman of the Council of Economic Advisers.

The prevailing view is that Mr. Reagan will be judged on his presidency and not on his stray remarks. The concern among Reagan strategists is more about the deficit and Lebanon than the president's ad libs.

Frederick Dutton, a Democratic adviser to presidents and politicians including Edmund G. Brown, the incumbent whom Mr. Reagan defeated in 1966 to become governor of California, believes that members of his party may be making a mistake in thinking they can harm the president by accusing him of being unfair to the poor and minorities.

"There's a different mood in this country than in the 1960s and 1970s, and selfishness may be more important than fairness," said Mr. Dutton. "There's no sign it's turning him."

There are also few signs of this in the surveys taken by a Reagan pollster, Richard B. Wirthlin. The latest tally, taken the week before the announcement, shows the president leading former Vice President Walter F. Mondale, the front-running Democratic candidate, by 17 percentage points.

'He Is in Good Shape'

Four years ago at this time Reagan advisers were fearful that his age would be an issue in the campaign. Since they couldn't deny his age, they decided to celebrate it with numerous birthday parties.

Now, Mr. Reagan and his aides are as sanguine about his age as his misstatements. They believe that people know how old he is, have made their basic decisions one way or the other about his competence and basically feel comfortable with him.



President Reagan waved from the walk of his boyhood home in Dixon, Illinois, on Monday, his birthday. Beside him were his wife, Nancy, and brother, Neil.

"He is in good shape for two reasons," said the White House chief of staff, James A. Baker 3d. "The people like him personally, even if they disagree with him. He has in fact restored America's pride and confidence in itself."

Mr. Baker and others in the White House have taken to citing a Gallup Poll showing that American optimism is at its highest level in 25 years. That is music to the ears of the president, who has proclaimed himself an incurable optimist and who is running for re-election on a platform of peace and prosperity.

Last weekend, in keeping with the White

House dictum of being "presidential," Mr. Reagan returned to the themes of bipartisanship on three issues on which he needs Democratic cooperation: the deficit, Lebanon and Central America.

This is the planned pattern until a Democratic nominee emerges, say Reagan advisers, with only six political speeches scheduled during the next three months.

The view at the White House is that Mr. Reagan has inspired his conservative supporters and is now free to do other things. No one seems worried that a few misstatements will get in the way.

Chief of the General Staff Takes On Pivotal Role in Soviet Defense Structure

By John F. Burns

New York Times Service

MOSCOW — When Marshal Nikolai V. Ogarkov enters a room, there is little about him to suggest that he commands one of the world's two most powerful military machines.

With his stoic hair, stooped figure and square-cut khaki uniform, he could be taken for one of thousands of military officers seen daily in the subways and stores of Moscow. Nine rows of ribbons and the large gold star on his shoulder board denote his rank, but as he moves through a crush of lesser officials to his place on a podium there is no suggestion of hauteur.

But the first impression of unassertiveness is misleading. Most Westerners who have seen the

nouncements for at least two years. But when Marshal Ogarkov took it up at a news conference in December, diplomats took fresh notice. Here was the man in command voicing his conviction that the United States was seeking the capacity for a pre-emptive nuclear strike, and saying so in the uncluttered language of a map-room briefing.

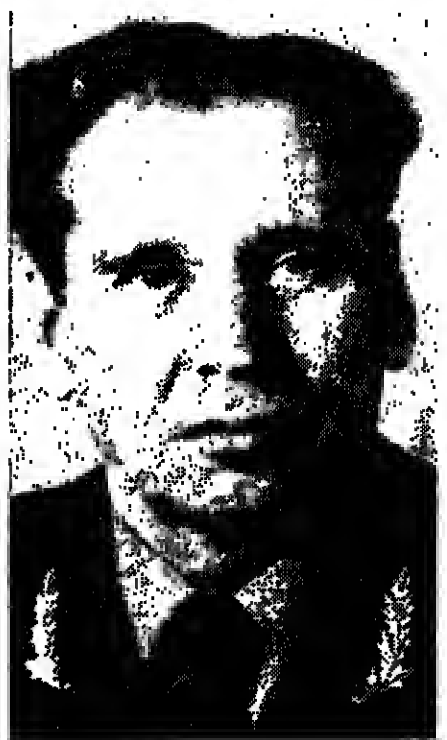
Not everything he said was so carefully clipped. When he was asked to step back from his chronicle of weapons and warheads and speak more personally about what a nuclear war might entail, his tone became urgent.

The tally of destructive power on both sides, he said, has reached the point of "nuclear madness," and it is time to step back before accident or miscalculation dooms mankind.

"Just think about it," he said, tallying the striking power of the two sides. "Not only does it make no sense, it is getting very dangerous." At a time when the Soviet Union is doing everything possible to promote a nuclear freeze, the marshal's worried tone served a political end. But many diplomats found it nonetheless engaging. And when he followed up with an uncharacteristic misce — "Oh, oh, I forgot the figures," he said, pausing a moment as his pointer scanned a chart showing missiles and bombers — he became a figure with whom his audience could identify.

"Lord knows, I felt for him," a Western military attaché said. "It is difficult enough to keep track of SS-20s and cruises and Pershing-2s in the calm of headquarters, but when you are up there in front of television cameras, beamed live to the world, the complexities can overwhelm anyone."

In the seven years he has been chief of staff, Marshal Ogarkov has built a formidable reputation. An army engineer by training, he has an ability to gather facts and mold them to his case. That quality was displayed at a news conference in September, when he was delegated to



Nikolai V. Ogarkov

century townhouse on Gogol Boulevard, have been struck by what they described as a readiness to test his ideas in argument.

Whereas other senior officials tend to read lectures, the marshal impressed two visiting U.S. senators in 1981, Alan Cranston, Democrat of California, and Charles McC. Mathias Jr., Republican of Maryland, with his willingness to engage in give-and-take and with his candor.

Inclined to New Technologies

Although he generally relies on an interpreter, he is said to have a reading knowledge of English, polished during his tenure as a member of the Soviet delegation that negotiated the first strategic arms accord.

How Marshal Ogarkov's inclusion in the Politburo might influence Soviet policy is hard to predict, but his career and writings provide some pointers.

After brief stints as a troop commander in East Germany and in two military districts at home, he was recruited to the general staff by Marshal Matvei V. Zakharov in 1968 to oversee weapons programs.

It was a time when the top officer corps was being remolded to make it less reliant on the men who learned their craft in World War II and more inclined toward new technologies; Marshal Ogarkov, 50 at the time, was the model of the technically proficient young general. The nine years he spent as a first deputy chief of staff — first under Marshal Zakharov and, after 1971, under Viktor G. Kulikov — were the period of the biggest growth in military spending since World War II.

In the top job since 1977, Marshal Ogarkov has reinforced his reputation as an officer who places high priority on keeping pace with military technology. A booklet he published two years ago, "Always Ready to Defend the Fatherland," has become required reading among strategists in the Pentagon.

In it, he attributed the Soviet Union's initial setbacks against the Germans in World War II to a lag in applying new concepts of tank warfare.

Basic weapons systems, he said, were revised every decade or so, and "in these conditions, any delay in changing attitudes, any stagnation in the development and application of new concepts in military construction is fraught with serious consequences."

For an economy stunted by heavy military spending, it was not an encouraging note. On the other hand, he has consistently backed Soviet policies favoring a nuclear freeze and a ban on emerging new military technologies, particularly in space weaponry.

Young French Farmers Use Old Tactic

By Michael Dobbs

Washington Post Service

MORLAIX, France — "It's quite simple," said Hervé Kueguiner, explaining why he and other pig farmers in Brittany have ransacked a government building, stopped trains and hijacked foreign trucks in recent days. "The farther away you are from Paris, the louder you have to shout to make yourself heard."

His friend Joseph Meingant chimed in cheerfully. "In a country as centralized as France, it's only by smashing a few windows that you get anybody to pay attention."

The strategy of attracting attention by smashing things is one that French farmers have used with considerable success for centuries. If today's outbursts are not on the same scale as the peasant uprisings that toppled kings and shook governments in the past, they still pose a major problem for France's Socialist government.

The risk of provoking an explosion among France's 1.2 million farmers has limited President François Mitterrand's freedom of maneuver now that he has taken over as president of the European Community. The 10 community countries have so far been unable to reach a compromise on the economic issues dividing them — or to agree on whether to admit Spain and Portugal into the trade grouping.

A Minor Diplomatic Crisis

During the past few months, rebellious French farmers have set fire to Spanish trucks carrying fruits and vegetables northward and blockaded the frontier with Belgium to stop the import of hams from the Netherlands. They also caused a minor diplomatic crisis with Britain by taking two English truck drivers hostage and giving away their cargo of lamb.

But it is here in the Brittany region of Brittany that feelings have run strongest. The revolt of the Breton farmers provides an insight into both the perennial political battle between the central authorities in Paris and outlying regions like Brittany and the remarkable transformation of French agriculture in recent decades.

"After the Second World War, every farm in Brittany was a little state in which the peasants produced a little bit of everything and consumed most of it themselves," said René de Foucaud, 62, a successful Breton farmer. "To-

day, farmers have become entrepreneurs, specializing in areas like pig-raising or vegetables. The land is gradually being consolidated."

Around Morlaix, a flashpoint of the recent unrest, farmers were amused by a request from a Paris-based television team to film a "traditional" farmyard. What the television people apparently had in mind were some scenic shots of a fat matriarch in a peaked Breton hat working among her cows, chickens and pigs.

"Farmers like that just don't exist anymore," laughed Mr. Kueguiner, 37, who invested heavily in pig-breeding in the 1970s because it seemed to offer the highest potential return.

When pig prices dropped sharply last month, several hundred farmers broke into the apartment of the prefect, or central government representative, in the seaport of Brest and wrecked his furniture. This was followed by the organized disruption of rail traffic to and from Brittany to protest a rise in freight tariffs.

Most of the farmers who took part in these actions were young, educated and heavily in debt for the purchase of pig-raising equipment. While past revolts were triggered by semi-foul conditions in the countryside, the present disturbances reflect the determination of young farmers to maintain their relatively comfortable lifestyle. Men like Mr. Kueguiner and Mr. Meingant insist that French farmers have earned the right to live as well as townspeople and not to be tied "like slaves" to the land.

Today's Brittany farmers closely follow the tortuous debates in Brussels over the European Community's agricultural policies. A major complaint is what they see as the advantage enjoyed by Dutch and West German farmers who receive financial subsidies from the community to compensate them for the trouble they have in selling their products because of the relatively strong Dutch and West German currencies.

Paris Pushed for Subsidies

These subsidies, ironically, were originated at the insistence of Paris at a time when the franc was strong. Also created were expensive price-support mechanisms that have created surpluses of wine and dairy products.

But the French farmers are not about to lessen their pressure. They have learned the value of violent protest from their ancestors.

"Look at what we already have achieved," said Francis Palut, a pig farmer. "The day after we ransacked the prefect's apartment, the government agreed to close the borders to Dutch pigs. A couple of days after our action against the railways, they suspended the higher tariffs." The farmers owe much of their political strength to the skills of a charismatic, self-made millionaire, Alexis Gourvenec. Once a small vegetable farmer, he now owns a 1,200-acre (480-hectare) farm that produces 60,000 pigs a year. His rags-to-riches story, which began in 1962 when he led an assault against the Morlaix prefecture, is closely tied to the evolution of Brittany's agricultural boom.

Breton Farmers Modernize

At Mr. Gourvenec's instigation, the farmers opened their own shipping line in 1974 to export cauliflower to England, which had just joined the European Community. Modern ferries carrying produce-laden trucks replaced fishing boats as the principal cross-Channel means of transport.

As chairman of Brittany Ferries, president of a regional fruit and vegetables committee and president of the region's largest bank, Mr. Gourvenec occupies a position of enormous power. He is reputedly able to get thousands of farmers into the streets within an hour.

Visible evidence of the organizational strength of farmers in Brittany is provided by the defacing of scores of road signs in the region with slogans demanding the release of Jean-Jacques Riou, a trade union leader and Gourvenec supporter accused of responsibility for the ransacking of the prefect's home in Brest.

Mr. Riou was released this week on bail after his colleagues threatened new violence. The concessions by the government and now the courts have essentially undermined Mr. Mitterrand's tough public stand. The president is ridiculed by many farmers in Brittany for what they regard as his romantic notions about the bonds that tie a peasant to his land.

"The problem with our politicians is that they know nothing about economics and business," Mr. Palut complained.

Mr. Mitterrand last week gave voice to his own frustrations. "Either we are in the Common Market or we aren't," he told government ministers. "If we are, we have to obey the rules."

Many diplomats view the marshal as a potential successor to the defense minister.

Soviet chief of the general staff at close quarters — a tiny group, until he unexpectedly appeared at two news conferences in the past four months — say they have been struck by his forthrightness in articulating Soviet military policies, his encyclopedic command of facts and his apparent distaste for polemics.

Those qualities, which set Marshal Ogarkov apart from the more ponderous men at the highest levels of Soviet power, have drawn special attention to him at a time when the Soviet leader, Yuri V. Andropov, has been absent from public view for five months, reportedly because of health problems. But even before Mr. Andropov's disappearance from public view, the 66-year-old marshal seemed likely to play a key role.

Support from the military was crucial in Mr. Andropov's coming to power after the death of Leonid I. Brezhnev in 1982. While the immediate agent of that support in the Politburo was Defense Minister Dmitri F. Ustinov, it is unthinkable that he would have acted without the backing of the general staff. Moreover, Marshal Ogarkov seemed tailor-made for Mr. Andropov's relatively unostentatious style.

The fact that the defense minister, with a defense-industry background, is not a professional soldier, suggests that the leading career officer, Marshal Ogarkov, is a pivotal figure. Many diplomats view the marshal as a potential successor to the defense minister. As a full, voting member of the party's Central Committee since 1971, Marshal Ogarkov would then also be strongly favored to join the party's ruling Politburo.

How Marshal Ogarkov has used his influence thus far is anybody's guess, but his public pronouncements have offered clues. The most important of those has been his warning of the danger of war, a danger he has attributed to the Reagan administration's decision to proceed with new strategic weapons systems, such as the B-1 bomber, the MX missile and the Trident submarine-launched missile, as well as the deployment of medium-range missiles in Western Europe.



Farmers in Guéret, a town in central France, burn Margaret Thatcher in effigy to protest British farm policies.

BUSINESS

Nichols Is Appointed Vice President, Low

World Bank President Robert Triffin has named William Nichols 49, an American economist, as his vice president. Nichols, who has been at the World Bank since 1976, is the first American to become vice president of the bank. Nichols, who is currently in London, will be in Washington in the next few days. Nichols, who is currently in London, will be in Washington in the next few days. Nichols, who is currently in London, will be in Washington in the next few days.

to Head ANZ

ANZ New Zealand Banking Group has announced that it has appointed Christopher R. Nicholls as its new chairman. Nicholls, who is currently in London, will be in New Zealand in the next few days. Nicholls, who is currently in London, will be in New Zealand in the next few days.

Appointments

Guaranty Trust Co. has appointed Robert Triffin as its new chairman. Triffin, who is currently in Washington, will be in New York in the next few days. Triffin, who is currently in Washington, will be in New York in the next few days.

CURRENCY

...a director of Banque Belge.
...Société Générale de Banque.
...has been named chairman
...succeeding Malcolm R. ...
...general manager, credit, at ...
...Also, Midland Bank Confirms
...to succeed John Harris as chairman.

...International, a U.S.-based
...Water Goldsmith to the ...
...in British unit, effective July ...
...the new post was created "because
...Mr. Goldsmith's term as chairman
...in London ends in June.

...Rotterdam Bank has appointed
...a full branch. A. J. Kroon

WEDNESDAY, FEBRUARY 8, 1984

Statistics Index

Page 9

BUSINESS PEOPLE

Jerry Nichols Is Appointed by TWA As Vice President, International Unit

Jerry Nichols joined Trans World Airlines 32 years ago as a baggage handler. Last week the New York-based carrier named him vice president, international division.

In his new post, Mr. Nichols, 49, is to be responsible for all the airline's operations outside the United States. He succeeds William Slattery, who left TWA last autumn to become president of Dallas-based Braniff. In addition, TWA has moved its international headquarters to London from Paris, where it had been since 1946. The move represents the importance of Britain, said Mr. Nichols, adding that Britain is the largest single market for the carrier, representing about one-third of its international revenue.

Mr. Nichols moves to London from New York, where he was vice president in charge of TWA's operations at Kennedy Airport. Before that, he held management posts during about 18 years in London, Paris and Madrid.



Jerry Nichols

Maltby to Head ANZ Zurich Branch

Australia & New Zealand Banking Group is continuing to expand its overseas network.

The Melbourne-based bank has become the first Australian bank to receive permission to open an office in Zurich. The new representative office will be headed by Christopher R. Maltby, who currently is manager, funds management, in the bank's London branch.

Alwynne Kilpatrick, ANZ's deputy managing director, said the Zurich office would complement ANZ's activities in Europe and increase its involvement with the world capital markets.

Later last year, ANZ said it plans to open its first offices in continental Europe and Canada. Those new representative offices are in Frankfurt and Toronto.

Other Appointments

Morgan Guaranty Trust Co. has appointed Wallace B. Reynolds general manager of its Madrid office. He succeeds Gonzalo de las Heras, who was transferred to the New York head office to head the Latin America-south area. Mr. Reynolds previously was in the bank's Singapore office as head of general banking.

Citibank has opened a branch in Florence and named Marcello Tognacini as branch head. He previously was in the New York-based bank's Rome branch. In addition, Citibank has appointed Francis de Souza treasurer in Bahrain. Succeeding him in Dubai as treasurer for Citibank is Kalyan Thapa.

Stanley M. Freedman has been named to the new post of managing director, Europe, for McCormick & Co., the Baltimore-based maker of seasonings and specialty foods. For the past year, Mr. Freedman, who is to be based in Marseille, has served as McCormick's director of operations, Europe. In addition, John M. Trueman, previously marketing manager and deputy managing director, has been named to succeed Hans Beck, who is retiring from his post as managing director of the company's Swiss unit, McCormick SA.

Robert Vaez, formerly the Belgian ambassador to Britain, has been appointed a director of Banque Belge Ltd., London, a subsidiary of Brussels-based Société Générale de Banque.

Kenichi Yoshida has been named chief manager of Midland Bank's Tokyo branch, succeeding Malcolm H. Harrison, who has been moved to Sydney as general manager, credit, at Associated Midland, a Midland subsidiary. Also, Midland Bank confirmed that Hervé de Camoy has been chosen to succeed John Harris as chief executive of Midland Bank International.

Korn/Ferry International, a U.S.-based executive search firm, has appointed Walter Goldsmith to the new post of chairman and chief executive of its British unit, effective July 2. A spokesman for Korn/Ferry said the new post was created "because of the expansion of U.K. business." Mr. Goldsmith's term as director general of the institute of directors in London ends in June.

Amsterdam-Rotterdam Bank has upgraded its Taipei representative office to a full branch. A. J. Kradop will be vice president and general manager.

FMC Corp. (UK) has appointed Jim Crossley as general manager, succeeding Denis Fox, who served as acting general manager. Mr. Crossley joins FMC from the British operations of Alfa-Laval FMC, with headquarters in Chicago, makes machinery and chemicals.

—BRENDA HAGERTY in London

Steel Firm In U.S. to Sell Stake

PITTSBURGH — Wheeling Pittsburgh Steel Corp. said Tuesday that it had agreed to a pre-emptive rights offering under which up to 500,000 Wheeling shares would be sold to Nishin Steel Co. of Japan for \$35 a share, or up to a total of \$17.5 million.

Nishin will be represented on the Wheeling board, the Pittsburgh company said.

Alan E. Paulson, chairman of Gulfstream Aerospace Corp. and a Wheeling Pittsburgh director who owns 31.8 percent of the company's common stock, agreed to buy up to 500,000 unsubsorbed Wheeling shares in order to maintain his approximate percentage of common stock holdings, the company said.

Mr. Paulson is not involved in the operating management of Wheeling Pittsburgh.

The company said that, following these transactions, Nishin Steel will own 10 percent of Wheeling.

The two steel companies signed a cooperation agreement providing a vehicle whereby the parties can render assistance in areas of mutual business interest.

In addition, they agreed in principle to build a new steel coating line in the Ohio Valley to be completed within two years. Wheeling said this plant would serve the automotive, appliance and other markets.

Nishin Steel is one of Japan's largest integrated manufacturers of iron and steel. In addition to specializing in the production of stainless and coated steel, it produces hot and cold rolled carbon steel and special steel. Nishin is the largest producer of cold rolled stainless steel in Japan, with annual capacity of 230,000 tons.



Fernand Lamesch, president of TradeArbed, the U.S. imports arm of a Luxembourg steelmaker.

Steel Importers Caught in Cross Fire

Executive Says Foreign Shipments Aid Consumers

By Steven Greenhouse
New York Times Service

NEW YORK — At a time when steel imports to the United States are coming under heavy fire, Fernand Lamesch, who runs a 59-year-old steel-importing house, is a middleman caught in the middle.

Like other steel importers, Mr. Lamesch, president of TradeArbed, is accused by U.S. steelmakers and steelworkers alike of undermining their once-proud industry. He has to haggle with foreign steelmakers who want to sell their steel at a price that is lower than what U.S. steelmakers can charge.

From his river-view office in the Manhattan East Side, he presides over a 130-employee trading house that is an arm of Arbed SA, a Luxembourg-based steelmaker. TradeArbed imports several hundred thousand tons of steel annually, much of it from Arbed's mills. A few hundred thousand tons come, however, from such Third World countries as Brazil, Argentina, South Korea and Taiwan, which are the domestic industry's latest targets because they are shipping increasing amounts of steel to the United States.

Just as Mr. Lamesch dislikes the "rigid structures" of European corporations, he abhors the strictures that the U.S. steelmakers are trying to impose. The industry, which had a loss of more than \$5 billion in 1982 and 1983, is lobbying for a bill in Congress that would limit imports to 15 percent of the domestic market. Bethlehem Steel Corp. has filed a trade petition that also seeks a quota. In addition, the industry is lobbying for a bill in Congress that would limit imports to 15 percent of the domestic market.

Declines topped advances 961-683 among the 2,029 issues traded. Volume totaled 107.6 million shares, down slightly from 109 million on Monday. It was the 11th consecutive 100 million-share day.

"This market was so oversold and so bear-up that a rally like this was long overdue," said Keith Herrell of Smith Barney, Harris Upham. "Traders started buying good quality stocks which have fallen to attractive prices."

John Burnett of Donaldson, Lufkin & Jenrette said large institutions "seem to have sold to the point now that it is not going to do them any good to pound them down any more."

Mr. Burnett said that it "is going to take a while for the market to recuperate because the mood among investors has changed to nervousness and fear."

Monte Gordon of Dreyfus Corp. said Wall Street "is sending a signal that something must be done to cut that budget deficit. If you don't see any effort to cut the deficit then things could get worse."

Paul A. Volcker, the Federal Reserve chairman, warning that "something is out of kilter," urged Congress to shrink deficits without delay or watch the United States become the world's biggest borrower.

IBM, a 2-point loser Monday, was the most active NYSE-listed issue, rising 1 1/2 to 110 1/2. IBM introduced a new high-speed printer. Burroughs, which also introduced a new printer, gained 1/2 to 49 1/2. Among the other high-tech issues, Texas Instruments gained 3/4 to 125 1/2 and Motorola 3 to 117.

General Motors, which reported that fourth-quarter earnings soared, was second on the active list, up 1/2 to 69 1/2. Ford shed 1/2 to 38 1/2 but Chrysler rose 1/2 to 29 1/2.

American Telephone & Telegraph when issued stock was the third most active issue, up 1/2 to 74 1/2.

AT&T "old" stock added 1/2 to 65.

Merrill Lynch was fourth on the list, off 1/2 to 25 1/2. First Boston, which reported fourth-quarter earnings of \$1.57 a share, down from \$3.23 a year earlier, lost 1 1/2 to 40 1/2.

E.F. Hutton shed 1/2 to 28 1/2. Paine Webber 1/2 to 26 1/2 and Dreyfus Corp. 1/2 to 24 1/2. Brokerage stocks have been under fire lately because rising costs are hurting their earnings.

Houston Natural Gas, which lost 4 1/2 Monday, lost 1 1/2 to 54 1/2 and Coastal Corp., a 3 1/2 winner Monday, fell 2 to 37.

New York Stocks Rally to Close Mixed in Heavy Trading

United Press International

NEW YORK — After plunging to a six-month low in a severe month-long selloff, prices on the New York Stock Exchange rallied to close mixed on Tuesday despite a grim outlook for interest rates.

"IBM," which was drubbed the past four weeks, was a pacesetter in rebound. News of General Motors' sharply higher fourth-quarter earnings also helped.

The Dow Jones industrial average, down 8 1/2 in the first hour after dropping 112 over the past month, rose 6.18 points to 1,180.49. It plunged 22.72 to 1,174.31 on Monday, the lowest level since it finished at 1,168.27 on Aug. 9, 1983.

U.S. Foreign Debt Grows Ominous, Volcker Warns

WASHINGTON — Paul A. Volcker, criticizing an "ominous" trend toward heavy borrowing from abroad to finance the U.S. budget deficit, warned Tuesday that "if the data at all reflect reality, the largest and richest economy in the world is on the verge of becoming a net debtor internationally and would soon become the largest."

The Federal Reserve Board chairman also said that the Fed's policymaking arm, the Federal Open Market Committee, had decided at a meeting last week to leave its short-term policy unchanged.

"That judgment" by the committee "reflects the fact that growth in the various measures of money and credit now appears broadly consistent with objectives, that the momentum of economic expansion remains strong and inflationary tendencies contained," he said.

Many financial market participants had hoped that the Fed would reduce the degree of restraint and allow interest rates to fall somewhat. But Mr. Volcker's testimony, the minutes of the committee's December meeting — in which a majority expressed new concern about inflation — and the new Fed targets for money growth this year, announced Monday, suggest no easing by the central bank unless the economic expansion slows sharply, a number of analysts said.

The Fed chairman said the effects of the federal budget and foreign trade deficits "pose a clear and present danger" that threatened the nation's recovery from a long and painful recession. And he said there was not much time left for the Reagan administration and Congress to deal with the red ink.

It was Mr. Volcker's strongest condemnation yet — and his second in as many days — of the deficits, which have reached record highs in the last two years.

President Ronald Reagan has said he will not propose a plan to cut the budget deficits until after the November elections. But Mr. Volcker said financial markets, which can quickly translate deficit fears into recovery-stifling high interest rates, "have never waited on the convenience of kings or congressmen — or elections."

On a more positive note, he said he saw "a fresh opportunity" in Mr. Reagan's proposal that a bipartisan commission come up with about \$100 billion in deficit reductions for the next three years. Mr. Volcker said that would be "a sizeable down payment on what is ultimately needed."

Testifying before the House (Continued on Page 13, Col. 4)

Regan Drops Planned Trip To Europe

By Carl Gewirtz
International Herald Tribune

PARIS — The U.S. Treasury secretary, Donald T. Regan, has canceled plans to attend a special two-day ministerial meeting starting here Monday at the Organization for Economic Cooperation and Development.

A Treasury Department official in Washington attributed the cancellation to "the press of business here and domestic issues."

There was no official comment Tuesday on Mr. Regan's scheduled participation Sunday at the "Group of Five" meeting of finance ministers from the leading non-Communist industrial powers. It was learned, however, that he would not attend that meeting either.

The Group of Five, whose parleys are shrouded in secrecy, meets at irregular intervals. The existence of the group has never officially been acknowledged.

Informed sources said Mr. Regan felt it was more important to remain in Washington to defend President Ronald Reagan's 1983 budget. The budget, released last (Continued on Page 11, Col. 1)

U.S. Confirms Trade Gap Set a Record Last Year

The Associated Press

WASHINGTON — The United States recorded an \$18.8-billion merchandise trade deficit in the final quarter of last year, pushing the deficit for all 1983 to a record \$60.6 billion, the government said Tuesday.

The Commerce Department Jan. 27 reported even glimmer figures, putting the merchandise trade deficit for the year at \$69.4 billion. Tuesday's report covered mostly the same items but excluded military trade, and computed shipping expenses in a more favorable way.

Officials are predicting an even more severe trade deficit this year as the strong U.S. dollar continues to make exports expensive and imports relatively cheap.

The new report said the deficit rose slightly in the final quarter from \$18.2 billion in the third.

The previous record annual deficit was \$36.4 billion, set in 1982. The deficit in 1981 was \$27.9 billion.

Commerce Secretary Malcolm Baldrige, pointing out how the country's trade situation has worsened, said the deficits were averaging \$47 billion computed on an annual rate for the first half of the year but ballooned to an annual rate of \$74 billion during the second half.

"The strong dollar has made our products very expensive in world markets and will be a drag on economic expansion until interest rates come down substantially," he said.

Both government and private economists are predicting the trade deficit this year will exceed \$100 billion.

While imports were rising, exports were falling at about the same rate. \$3 percent to \$200 billion from \$211 billion the previous year.

Economists have said that in addition to the strong dollar, U.S. companies are having trouble selling their goods overseas because the worldwide recovery is lagging behind U.S. economic gains.

TAPMAN

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COMMODITY ACCOUNTS.

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RESULTS FOR
COMPTREND II

BEGINNING EQUITIES
OF \$100,000
ON JANUARY 1
OF EACH YEAR

yielded the following
after all charges:

IN 1980: +165%
IN 1981: +137%
IN 1982: +32%
IN 1983: -24%

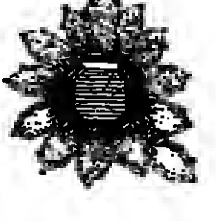
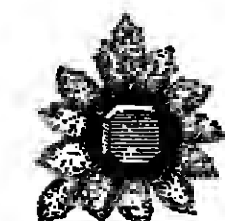
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| | A.M. | P.M. | Ct/oz |
|---|--------|--------|-------|
| London | 379.75 | 379.75 | -2.38 |
| Paris (125 kilo) | 379.15 | 379.15 | -1.92 |
| New York | 379.25 | 379.25 | -1.25 |
| Official fixings for London, Paris and New York | 381.10 | | |
| Official fixings for London, Paris and New York | 381.10 | | |

CURRENCY RATES

Official fixings for Amsterdam, Brussels, Milan, Paris, New York rates at 4:00 pm EST.

| | U.S. | Swiss | French | German | Italian | Japanese | Yen |
|-----------|--------|--------|--------|--------|---------|----------|--------|
| Amsterdam | 3.72 | 4.12 | 112.85 | 36.77 | 113.87 | 133.64 | 133.64 |
| Brussels | 36.44 | 40.82 | 20.475 | 4.645 | 3.233 | 12.148 | 25.39 |
| Frankfurt | 3.765 | 3.996 | 20.475 | 4.645 | 3.233 | 12.148 | 25.39 |
| London | 1.4165 | 1.4165 | 11.981 | 2.279 | 4.672 | 79.38 | 30.21 |
| Milan | 1.7000 | 2.4030 | 61.426 | 20.15 | 54.44 | 20.02 | 74.29 |
| New York | 1.00 | 1.00 | 2.764 | 4.775 | 17.020 | 3.117 | 25.39 |
| Paris | 6.4935 | 6.4935 | 4.9652 | 57.851 | 14.999 | 38.70 | 13.68 |
| Tokyo | 232.45 | 232.45 | 94.52 | 27.58 | 74.08 | 43.97 | 10.47 |
| Zurich | 2.2275 | 3.1544 | 80.725 | 26.775 | 8.172 | 71.41 | 3.950 |
| 1 EUR | 0.8122 | 0.5749 | 2.3484 | 4.992 | 1.2615 | 2.572 | 40.911 |
| 1 SDR | 1.0872 | 0.7644 | 2.6794 | 5.925 | 1.2614 | 3.245 | 58.38 |

Dollar Values

| | U.S. | Swiss | French | German | Italian | Japanese | Yen |
|------|------|-------|--------|--------|---------|----------|------|
| 1983 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1982 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1981 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1980 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

(1) Commercial (2) Franc (3) Amounts needed to buy one pound (4) Amounts needed to buy one dollar (5) Units of 100 (6) Units of 1,000 (7) Units of 10.
N.A.: not quoted; N.A.: not available.

INTEREST RATES

Eurocurrency Deposits

| | 1M | 3M | 6M | 12M |
|-----|--------|--------|--------|--------|
| 1M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 3M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 6M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |
| 12M | 10 1/4 | 10 1/4 | 10 1/4 | 10 1/4 |

Key Money Rates

| | Close | Prev. |
|------------------|--------|--------|
| Discount Rate | 8 1/4 | 8 1/4 |
| Federal Funds | 11 | 11 |
| Prime Rate | 10 1/4 | 10 1/4 |
| 10-year Treasury | 12 1/2 | 12 1/2 |
| 30-year Treasury | 12 1/2 | 12 1/2 |
| 10-year Treasury | 12 1/2 | 12 1/2 |
| 30-year Treasury | 12 1/2 | 12 1/2 |

West Germany

| | 5.50 | 5.50 |
|---------|------|------|
| 1-month | 5.50 | 5.50 |
| 3-month | 5.50 | 5.50 |
| 6-month | 5.50 | 5.50 |
| 1-year | 5.50 | 5.50 |

Japan

| | 5 | 5 |
|---------|---|---|
| 1-month | 5 | 5 |
| 3-month | 5 | 5 |
| 6-month | 5 | 5 |
| 1-year | 5 | 5 |

Sources: Commercial Bank of Tokyo, London Bank.

The Global Newspaper.



BUSINESS

Wants to Suspend Letters to Japan: Japanese Ha

...to suspend letters to financial traders in Japan. The Japanese Ministry of Finance is considering the possibility of suspending letters to financial traders in Japan. The Japanese Ministry of Finance is considering the possibility of suspending letters to financial traders in Japan.

World Bank Issues FR

...The World Bank has issued a report on the state of the world economy. The report states that the world economy is in a state of recession. The World Bank has issued a report on the state of the world economy. The report states that the world economy is in a state of recession.

St. Lewis Halts Oil

...St. Lewis, Mo., has halted oil production. The city has halted oil production due to a shortage of oil. St. Lewis, Mo., has halted oil production. The city has halted oil production due to a shortage of oil.

Volkswagen Can

...Volkswagen has announced a new car model. The company has announced a new car model. Volkswagen has announced a new car model. The company has announced a new car model.

Siria May Join ECD

...Siria may join the European Community. The European Community is considering the possibility of Siria joining. Siria may join the European Community. The European Community is considering the possibility of Siria joining.

Regan Drops Europe Trip

...President Regan has dropped his trip to Europe. The President has decided to cancel his trip to Europe. President Regan has dropped his trip to Europe. The President has decided to cancel his trip to Europe.

Seen Higher Profit

...Porsche AG has reported higher profits. The company has reported higher profits for the year. Porsche AG has reported higher profits. The company has reported higher profits for the year.

SHIRING AND PROFIT REGISTRATION IN THE WEST AND CAUCASUS ISLANDS

...The shiring and profit registration in the West and Caucasus Islands. The shiring and profit registration in the West and Caucasus Islands. The shiring and profit registration in the West and Caucasus Islands.

BUSINESS BRIEFS

Iran to Suspend Letters of Credit

For Japan; Japanese Halt Exports

TOKYO (AP)—Japan's exports to Iran will halt "for the time being" because Iran has notified Japanese traders that it will suspend issuance of letters of credit, the Japanese trading house Marubeni Corp. said Tuesday.

A Marubeni spokesman said Iran did not give any reason for the action or say how long the suspension would last, but the spokesman speculated that cargo at Bandar Abbas, Iran's major port, may be backed up.

Quoting trading sources, Kyodo News Service said the move might be connected with Iran's efforts to press Japan to buy more Iranian oil as Iran seeks to meet expenses from its war with Iraq.

An official of the Ministry of International Trade and Industry, said Japan's exports to Iran tripled in 1982 to a record \$2.8 billion while its imports from Iran rose 64.8 percent to \$4.23 billion. Almost all of Japan's imports from Iran are oil, the official said.

World Bank Issues FRN in Europe

LONDON—The World Bank has issued its first floating-rate note, a \$250-million, 10-year issue in Europe paying 35 basis points (hundredths of percentage points) above the money-market yield for 91-day U.S. Treasury bills, one of the joint lead managers, Bankers Trust International, said Tuesday.

The World Bank board recently authorized the issue of \$400 million in medium- and long-term floating-rate debt this year. Officials had said any notes would be priced over Treasury bills, and investment bankers had expected the notes to be launched in the United States.

Late last month, the World Bank said the bank would wait for the U.S. floating-rate bond market to stabilize first. But then, bond managers said, the bank agreed with Bankers Trust's proposal to launch the issue in Europe.

Investors can resell the issue after five years at par. Front-end fees total 45 basis points. The annual cost to the borrower above Treasury bill yields for the first five years amounts to 44 basis points.

Petro-Lewis Halts Oil-Program Sales

NEW YORK (NYT)—Petro-Lewis Corp., forecasting a substantial loss for the three months that ended Dec. 31, says it has temporarily suspended sales of its best-selling oil-income program to investors.

Petro-Lewis also said Monday that it would withdraw its Yield Plus Fund II offering and return \$115 million that had been collected from investors in the new fund. In addition, it said it would cut investor payouts in half. The moves are all in preparation for the sale of enough oil- and gas-producing properties to reduce Petro-Lewis's bank debt by about \$1 billion, the company said.

In a related development, Petro-Lewis said the Wall Street house of Salomon Brothers, retained two months ago to help sell the company or part of it, had withdrawn. Executives at Salomon would not respond to calls but oil officials said privately that Petro-Lewis had overpriced the properties.

Nissan-Volkswagen Car Presented

TOKYO (UPI)—Nissan Motor Co. presented Tuesday a locally built, Volkswagen-designed sedan called the Santana which is expected to boost West Germany's domination of the Japanese imported car market.

Takashi Ishihara, president of Japan's No. 2 automaker, said his company plans to turn out 2,500 Santanas a month for sale in Japan. The joint venture, agreed on in September 1981, is the first foreign car-assembly agreement in Japan in 24 years.

Japan imported 35,286 foreign cars last year, with West German makers grabbing 82 percent of the market share. The Santana, which appears in U.S. showrooms as the Quantum, will also give Nissan a new line to compete with its chief rival, Toyota Motor Corp., whose domestic market share rose from 38.7 percent in 1982 to 39.7 percent in 1983, while Nissan's dropped from 29.9 percent to 26.5 percent.

Austria May Join EC Data Network

BRUSSELS (AP)—The European Community Commission proposed Tuesday that the EC include Austria in Eurostat, the trade bloc's four-year-old data transmission network.

An EC spokesman said Austria could join Eurostat through a cooperation agreement such as the ones the EC has signed with Sweden, Switzerland and Finland. The system contains data on scientific, technical, social and economic information from a variety of sources.

Regan Drops Europe Trip

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week, is under attack from Martin S. Feldstein, chairman of the President's Council of Economic Advisors, and Paul A. Volcker, chairman of the Federal Reserve Board.

"Better to remain in Washington and defend the budget than to come to Paris to defend the budget," was the way one European official explained Mr. Regan's reasoning.

The cancellation is likely to sit badly with the French. Finance Minister Jacques Delors of France proposed the special OECD meeting at last May's ministerial council.

The aim of the meeting, described by many as a consciousness-raising exercise, is to look beyond the present economic situation at the fundamental issues that affect the ability of OECD countries to sustain balanced growth.

The downplaying of the importance of this meeting implicit in Mr. Regan's cancellation is bound to be irritating, as is his choice for a replacement. Beryl Sprinkel, undersecretary of the treasury for Monetary Affairs, who will stand in for Mr. Regan, is not regarded as a heavyweight by the Europeans.

Porsche Sees Higher Profit

STUTTGART—Porsche AG expects favorable results in fiscal 1984 after nearly doubling its profit to 69.5 million Deutsche marks (\$32.3 million) in the year ended July 31, 1983, the deputy chairman, Heinz Brannitz, said Tuesday.

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CBT Sues Over U.S. Regulations On Trading in Stock Index Futures

The Associated Press

CHICAGO—The Chicago Board of Trade has filed suit in federal court challenging federal regulations on trading in futures contracts that measure the performance in the stock market of certain types of industries.

The rule being challenged in the suit, filed Monday, resulted from an agreement reached earlier this month between the Securities and Exchange Commission and the Commodity Futures Trading Commission. It regulates establishment of contracts known as stock index futures.

The Board of Trade, the largest futures exchange in the nation, challenged the agreement, contending that the CFTC "has unlawfully delegated its exclusive jurisdiction

over futures contracts to the SEC," said Thomas P. Cunningham, the board's chairman.

"These guidelines seriously erode the jurisdiction of the CFTC and if allowed to stand, will adversely affect the future of the industry," Mr. Cunningham said in a statement.

The agreement was announced Jan. 18 and the regulations were applied to contracts for indexes that measure performance of stocks grouped according to type of industry, such as utilities or transportation companies.

The rules apply to the individual stocks that may be used to compile such an average. They are intended to prevent establishment of an index that could be manipulated by

heavy trading in a single stock, a CFTC spokesman said.

Five such contracts—measuring industrial, financial, utility, consumer staple and energy stocks—already are being traded. Contracts on eight other indexes are awaiting CFTC approval.

A futures contract is an agreement to buy or sell a specific commodity at a given date in the future and at an agreed price.

Mitsubishi Lifts U.K. Output

Reuters

TOKYO—Mitsubishi Electric Corp. said Tuesday it plans to increase production at its Livingston plant in Scotland and expects to produce 120,000 videotape recorders in the year starting next April.

France Expects '83 GDP Rise

Reuters

PARIS—Figures due shortly on France's 1983 gross domestic product are expected to show an increase of 0.5 percent to 0.6 percent, confirming that France avoided a recession despite tough austerity measures introduced last March, Finance Ministry sources said Tuesday.

The sources said the growth is due to export recovery and increased investment, but they added that Finance Minister Jacques Delors is leaving the official 1 percent growth estimate for 1984 unchanged.

Finance Ministry sources also said that retail price inflation is expected to rise to 0.7 percent or 0.8 percent in January from 0.3 percent in December.

Victor Technologies Files Under Chapter 11

By David E. Sanger

New York Times Service

NEW YORK—Victor Technologies Inc. filed for protection Tuesday under Chapter 11 of the U.S. bankruptcy laws, another victim of the intense competition among makers of personal computers.

Margaret Sheneman, an attorney for Security Pacific Bank, Victor's largest secured creditor, said officials of the company told her Monday that they would seek protection from creditors under Chapter 11 rather than fight an attempt by six of the company's unsecured creditors to force a major subsidiary of the company into involuntary reorganization.

Victor said in announcing the Chapter 11 filing that it had agreed with Security Pacific, subject to court approval, for the bank to finance the company's near-term manufacturing and distribution needs, Reuters reported from Scotts Valley, California.

The company said that its U.S. distribution subsidiary, Victor United Inc., had also filed for reorganization and that Victor had consented to the involuntary reorganization petition filed Feb. 3 against its California manufacturing subsidiary.

The action came soon after the collapse of three months of talks with the company's unsecured creditors.

Victor, with debt totaling about \$100 million, becomes the second manufacturer of personal computers—that is, small computers selling for more than \$1,000—to seek bankruptcy protection. The first was Osborne Computer Co., an innovative maker of transportable computers, which sought Chapter 11 protection in September.

Analysts said that, like Osborne, Victor expanded its operations far too quickly and ultimately had neither the software nor the resources to match the two leading makers of personal computers: Apple Com-

puter Inc. and International Business Machines Corp.

Victor was founded three years ago by Charles I. Peddle, a respected designer who had built some of Commodore International Ltd.'s most successful computers. By the time the company went public last March, it was considered one of the brightest prospects in the industry, partly because its 16-bit microcomputer was a hot seller in Europe.

But almost as soon as the initial public offering was complete, the company's fortunes crumbled. Mr. Peddle had organized a large sales force to sell his computers in the United States, only to find that IBM—not yet a player in Europe—had come to dominate the market for 16-bit personal computers in the United States. The Victor machine was not compatible with software written for IBM, efforts to modify it were slow and not completely successful.

After a small profit in the first quarter, Victor had losses of \$11 million in the second quarter and \$37 million in the third. By the end of last year, more than 2,000 employees had been laid off, and a spokesman for the company said 550 were sent home Monday morning. An employee said Monday that only 250 remained at the company's headquarters.

In November, Mr. Peddle was forced to take a diminished role in the company and Richard G. Couch, a former Xerox executive, took his place in a last-minute effort to save the company.

Victor stock, which sold as high as \$22 last year, closed at \$2.50 bid Friday in over-the-counter trading. It did not trade Monday.

Mr. Couch's strategy involved seeking help from the creditors in restructuring the company's debt. "It turned out that the company really did not have the wherewithal to even negotiate," said Arnold Quittner, a Los Angeles attorney representing the creditors.

Steel Importers in U.S. Feeling Protectionism

(Continued from Page 9)

tion, there is a flood of unfair-trade suits accusing developing countries of selling steel at government-subsidized or "dumped" prices below the cost of production.

Calls for quotas have increased as imports have surged to more than 20 percent of the market now from 13 percent in 1974 and from 7 percent of the market in 1964.

"I don't blame the domestic steel industry for wanting quotas," Mr. Lamesch said in almost unaccented English. "When you have competitors who are doing better than you, you'd rather not see them around."

The government must remember, however, that quotas will hurt the consumer.

Mr. Lamesch, who was recently named president of the American Institute for Importers Steel, an importers' trade association, talks like a selfless champion of the U.S. consumer. A 15-percent import quota, he predicts, would raise steel prices 20 percent, or almost \$100 a ton, and make things from stoves to station wagons cost more.

Mr. Lamesch acknowledged that quotas will hurt him, too. He said his company earns a 2-percent to 5-percent commission a ton, and quotas would of course reduce the tonnage he imports.

Moreover, quotas would take a lot of the excitement out of his work. "With quotas," he said, "there would be government meddling in every aspect of the business."

Noting that the market is very dynamic, he said quotas would freeze everything and prevent adjustments for fluctuating demand. Instead, Mr. Lamesch suggested bilateral agreements with Third World countries, saying that such agreements could easily be altered

to account for changes in demand.

"Countries like Korea and Brazil could have shipped larger quantities but have held back for fear of unfair-trade suits and other protectionist actions by the U.S.," Mr. Lamesch said. In addition, he said that when dumping suits were brought against Brazil, he cut back his imports from there because he feared they would be slapped with 50-percent duties if Brazil were found guilty. This, he said, has caused him to rely more on other developing countries.

"A buyer's first choice will always be a domestic source," Mr. Lamesch explained, "provided he can get it at the right quality and the right price." He added that "the most determinative element is almost always price."

In Europe, flat-rolled steel made for automobiles often sells for \$320 a ton, compared with a \$563 list price for U.S. produced flat-rolled steel. And, analysts say, Brazil and South Korea produce steel even

more cheaply than the Europeans. With transportation costing \$30 a ton and tariffs another \$20 a ton, the dollar recently at record highs, it is little wonder that steel imports have gone from a toehold to what domestic steelmakers say is a stranglehold on the market.

"If the price differential between domestic and imported steel is larger than 5 percent, then people look at foreign steel," said Mr. Lamesch. His customers include construction companies, appliance makers and steel service centers that process the metal for other users.

"The delivered price is at least \$100 a ton cheaper when I buy from abroad," said one of his customers, William P. Helm, president of Riverside Steel Construction, a California-based concern that fabricates steel frames for skyscrapers.

Mr. Helm, who buys 75 percent of his steel from abroad, added, "If we weren't buying imports, we couldn't remain competitive because everyone else is buying imports."

The lower price of imports has meant that domestic producers, who once religiously observed their list prices, are discounting as much as 30 percent from list to compete.

According to Mr. Lamesch, domestic steelmakers have unwittingly brought their problems upon themselves. When steelmakers won a no-strike clause in 1960 to prevent walkouts by the United Steelworkers of America, they gave a generous wage package in exchange. These high wages, Mr. Lamesch asserted, have gone far to make the industry uncompetitive.

Then, Mr. Lamesch said, the trigger-price mechanism that the industry got Washington to institute in 1978 discriminated against European steelmakers and forced him to look for the first time to the Third World for steel. That mechanism sets minimum prices below which imported steel cannot be sold in the United States without initiating an investigation by the government.

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